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| Egypt ... E£2.25 | Lebanon .. £1 50.00 | Switzerland SFr 2.20 |
| Finland ... Fmk 7.80 | Luxembourg . LFr 48 | Taiwan ... NT $85 |
| France ... FFr 8.50 | Malaysia ... Rin 4.25 | Thailand ... Bht 50 |
| Germany ... DM 2.20 | Mexico ... Pes. 300 | Tunisia ... Din 0.800 |
| Greece ... Dr 100 | Morocco ... Dh 6.80 | Turkey ... L 500 |
| Hong Kong . HK$ 12 | Netherlands . Fl 3.00 | U.A.E. ... Dh 6.50 |
| India ... Rup. 15 | Norway ... Nkr. 7.00 | U.S.A. ... $1.00 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,251 . Friday June 5 1987 D 8523 A

**Irish build on stock market boom, Page 48**

World news | Business summary

## Township blacks welcome Botha

President P. W. Botha of South Africa was given a tumultuous welcome when he visited the black township of Sharpeville, scene of a massacre of black demonstrators 27 year ago.

Mr Botha was visiting townships near Johannesburg as par of a new attempt to woo moderate blacks to the negotiating table. Page 24

### Japanese initiative for Gulf peace

Japan was attempting to launch a new diplomatic initiative to bring about an end to the Gulf war. Foreign Minister Tadashi Kuranari may visit Tehran and Baghdad. Page 4

Meanwhile Iran warned the US against intervening in the Gulf, saying that US ships could be lost. A senior defence spokesman in Tehran claimed Iran had a secret role in last month's Iraqi attack on the US frigate Stark. Page 3; US hopes, Page 5

### Bonn backs Kohl

The West German Parliament approved a proposal by Chancellor Helmut Kohl to keep 72 West German missiles and their US-controlled nuclear warheads out of a Soviet–US deal to scrap European based missiles. Page 2

### North immunity

Congressional investigators probing the Iran-contra scandal granted fired White House aide Lt-Col. Oliver North limited immunity from prosecution to compel his testimony. Lt-Col. North, viewed as the key figure in the scandal, has repeatedly refused to testify, citing his right against possible self-incrimination.

### Thatcher plot 'foiled'

British police foiled a plot by Irish guerrillas to assassinate Prime Minister Margaret Thatcher earlier in the week when she addressed an election rally in Scotland, Today newspaper reported. Police would not confirm or deny the report.

### Diplomats on strike

Greek diplomats at home and abroad began a 24-hour strike for more money and fringe benefits. Further strikes were called for June 16 and 17.

### Hungary-EC talks

The European Community and Hungary formally began talks aimed at drawing up an economic pact which could pave the way towards establishing EC diplomatic ties with Hungary.

### Wellington snub

The Reagan administration, angered by New Zealand's passage of anti-nuclear legislation, backed a bill pending in Congress that would deprive the country of the official status of American ally.

### Tapioca mountain

Animal feed traders said the EC had a 6,000-tonne mountain of tapioca from Vietnam, caused by failure to set a 1987 quota for certain tapioca imports until this spring.

### Pilot jailed

A Soviet pilot was jailed for 15 years for attempting to land his airliner with blinds over the windscreen, for a dare. Dozens of passengers were killed when the Tupolev 134-A crashed and caught fire at Kuibishev on the Volga river.

### Grave offence

A Sicilian cemetery director was jailed for 28 months for selling graves which were already occupied.

## US bank seeks Japanese funding

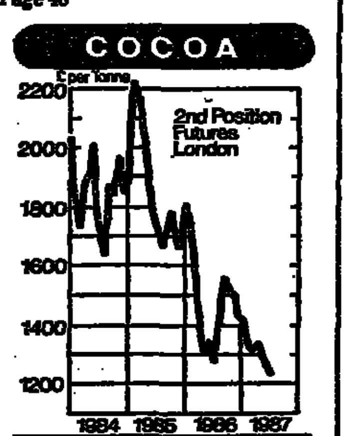
BANKAMERICA, troubled West Coast banking group, has asked major Japanese banks to provide it with between $200m and $300m as part of a $1bn capital increase aimed at strengthening the group's battered finances. Page 25

WALL STREET: The Dow Jones industrial average closed up 16.39 at 2,337.08. Page 48

TOKYO: Widespread buying centred on high-technology stocks lifted share prices to a second consecutive record close. The Nikkei average rose 316.71 to 25,366.11. Page 48

LONDON: A spate of bearish opinion poll rumours helped to push equity and bond prices lower. The FT-SE 100 index lost 21.2 at 2,214.2 while the FT Ordinary index was 15.0 lower at 1,724.6. Page 48

FRANKFURT stock exchange has commissioned international accounting and consultancy group Arthur Anderson to prepare a study on introducing a West German traded equity options market. Page 48




COCOA prices fell to four-lows on the London futures market as traders sold earlier speculative purchases, triggering stop-loss selling orders. The second position finished down £16 at £1,231 a tonne. Commodities, Page 36

GOLD rose in London to $452.00 from $451.25. It fell in Zurich to $452.75 from $453.00. Page 36

DOLLAR closed in New York at DM 1.815; SFr 1.508; FFr 6.075; and Y144.40. It rose in London to DM 1.8185 (DM 1.8070); SFr 1.5065 (SFr 1.4935); FFr 6.0775 (FFr 6.0450); and Y144.25 (Y142.80). The dollar exchange rate index fell 0.3 to 72.5. Page 37

STERLING closed in New York at $1.628. It fell in London to $1.6240 ($1.6435); DM 2.9525 (DM 2.9700); SFr 2.4475 (SFr 2.4550); Y234.25(Y234.75), but rose to FFr 9.8700 (FFr 9.9350). The pound's exchange rate index fell to 72.5 from 72.8. Page 37

PRIMERICA, financial services conglomerate forged from American Can, plans to seek a listing on the London stock exchange later this month and on the Tokyo exchange later this year. Page 48

CANADIAN IMPERIAL Bank of Commerce has joined Canada's other five large banks in downgrading its loans to Brazil, thereby denting its second quarter financial performance. Page 25

KLUWER, third largest Dutch publishing company, plans to fight a hostile takeover by Elsevier, second biggest publisher, in a move that is shaking up as the most contested battle in the Netherlands in recent years. Page 25

AUSTRALIAN share market watchdog has ruled that companies which equity-account their profits will no longer be able to include them in group account. Page 28

KOP, one of Finland's two leading banks, has restructured its operations into six major business sectors in a move designed to respond to the changing business environment. Page 26

PAKISTAN announced a Rs 175bn ($10.11bn) budget including Rs 20bn in proposed new taxes to fund growing defence needs. Page 4

# Britain warns Iranians after closing consulate

SIR Geoffrey Howe, the British Foreign Secretary, warned Iran yesterday against making any tit-for-tat retaliation following Britain's decision to close the Iranian consulate-general in Manchester and to expel five consular officials, **Andrew Gowers in London writes.**

The Iranian charge d'affaires in London, Mr Akhundzadeh-Basti, was told yesterday morning that the officials, including the Consul General, have seven days to leave the country.

The move came in response to the violent abduction last week of Mr Edward Chaplin, a senior British diplomat in Tehran, by Iranian Revolutionary Guards.

The Iranian authorities have said they intend to bring serious charges against Mr Chaplin – charges which Sir Geoffrey has described as "trumped up."

The Iranian authorities have repeatedly refused to explain or apologise for the incident, which Britain believes is being linked by the Tehran authorities to the arrest last month of Mr Ahmad Gassemi, an official at the Manchester consulate, on shoplifting and other charges.

Iran has protested several times to Britain over what it says was police maltreatment of Mr Gassemi, who had been due to appear in court next Thursday. Yesterday's decision means that the case against him will be dropped.

Mr Basti said the British measures were "very, very serious" and that he thought Tehran would announce counter-measures in three or four days' time.

The Foreign Office said it was made clear to him "that any tit-for-tat retaliation would be not only totally unjustified but would give rise to further serious consequences for Anglo-Iranian relations." It declined to say what further measures, if any, Britain might take.

Officials said the decision to close the consulate, of which Britain's close allies, including EC countries, were also officially informed yesterday, was designed as "a measured response" to what they described as "unacceptable behaviour" by the Iranian authorities.

They pointed out that the consulate was a valuable listening post for the Tehran Government among Iranians in Britain, of whom there is a large concentration in Manchester.

The move leaves Iran with 19 accredited diplomatic staff at its embassy in London, the same number of diplomats as Britain maintains at its interests section under the Swedish flag in Tehran. Britain downgraded its ties with Iran in 1980 in response to the US embassy siege.

Trade between the two, however, remains considerable.

**Gulf warning, Page 3; Japanese initiative, Page 4; US scales down hopes, Page 5**

### French advised to leave

**French nationals with no pressing business in Iran are being advised informally by the French Foreign Ministry to leave Iran as soon as possible. The warning reflects fears of possible Iranian retaliation for a police roundup of people of Middle Eastern nationality for questioning in principal French cities. The police sweep followed fresh threats in France of terrorist acts and the discovery of a cache of explosives Page 3.**

# Kidder, Peabody pays $25m to settle SEC insider trading charge

BY JAMES BUCHAN IN NEW YORK

KIDDER, PEABODY, the Wall Street investment firm, is to pay $25m to settle civil charges of insider trading and avert a criminal prosecution.

The settlement with the Securities and Exchange Commission covers the repayment of allegedly illegal profits and a fine.

It is the largest ever by a securities firm and the biggest since Mr Ivan Boesky, the disgraced speculator in takeovers or "arbitrageur", stunned Wall Street last November by agreeing to pay $100m to the SEC.

The complicated deal caps four months of tough negotiation between the SEC, criminal prosecutors and General Electric, which owns 80 per cent of Kidder and which last month brusquely took management and board control of the meduim-sized firm.

In its civil case filed yesterday in a Manhattan court, the SEC said the settlement covered trading done for Kidder's own account on inside information provided by Dr Martin Siegel, a former specialist in takeover defences at Kidder.

Last February, Mr Siegel pleaded guilty to swapping inside information with Mr Boesky and Mr Robert Freeman, a partner at Goldman Sachs. As part of the civil case filed yesterday, the SEC also charged Kidder with violating technical regulations in "parking"stock belonging to Mr Boesky.

Mr Siegel's information led to criminal charges against Mr Freeman and two arbitrageurs at Kidder. The indictment was subsequently dropped although Mr Rudolph Giuliani, the US Attorney in Manhattan who is leading the criminal investigation, said he would seek an expanded indictment.

Without admitting or denying the SEC charges, Kidder agreed to pay $13.7m in allegedly illegal profits and $11.6m in penalties. Kidder also agreed not to resume "risk arbitrage" – or speculation in takeover stocks – until an outside consultant had made proposals.

Analysts said that the deal might open Kidder to civil insider-trading suits but would allow new management to start rebuilding morale.

In a firm gesture of confidence yesterday, GE, which paid about $500m for its Kidder stake last summer, announced it was providing another $100m in subordinated debt capital to its subsidiary. In a related statement, Mr Giuliani said he would not prosecute Kidder for the two offences alleged by the SEC.

He said his decision was based on four factors: the SEC settlement; the firm's co-operation; the possibly negative effect on innocent employees and legitimate activities; and the "structural, management and policy changes" instituted by GE. Last month, GE removed Mr Ralph DeNunzio, Kidder chief executive for 20 years, and took control of Kidder's board.

# Indian aircraft drop supplies in Sri Lanka

BY JOHN ELLIOTT IN COLOMBO AND K. K. SHARMA IN NEW DELHI

INDIA yesterday sent five transport aircraft escorted by four Mirage jet fighters, into Sri Lankan airspace to drop 25 tonnes of relief supplies to Tamil civilians.

The aircraft flew from Bangalore at about 1,500 ft over the northern Jaffna peninsula for about eight minutes to drop the supplies. They met no resistance from Sri Lanka's airforce, which consists of only a handful of helicopters and single engined trainers cum-ground attack aircraft.

The decision to make the air drop was taken by a Cabinet committee presided over by Mr Rajiv Gandhi, the Indian Prime Minister, who was anxious to recover from the fiasco on Wednesday when a flotilla of Indian fishing boats turned back after setting off to land supplies in Jaffna by sea.

Mr Gandhi, aware of rising international concern about the implications for regional security of the conflict between India and Sri Lanka over the Tamil issue, is to write to all world leaders explaining his decision to intervene in Sri Lanka.

Sri Lanka said it was given only 35 minutes notice early yesterday afternoon of the airlift, although the Indians said the Sri Lankan High Commissioner in New Delhi was given three hours notice.

He was told the flight was being made by India "in keeping with its commitment to provide humanitarian assistance to the long-suffering and beleaguered people of Jaffna."

Sri Lanka immediately complained that the unauthorised entry into its airspace was a "naked violation of Sri Lankan independence." A formal complaint was sent to the Indian Government about "the unwarranted assault on our sovereignty and territorial integrity."


Despite protests about the sortie from other countries and from some of India's opposition parties, the Indian Government is now believed to be considering whether to repeat the exercise.

It might also extend its activities into undisclosed areas – possibly even including military support for the extremists – if Sri Lanka reopens its military offensive against Tamil extremists on the peninsula.

India now fears reprisals and possible riots against its citizens in Sri Lanka. About 150 Indian diplomatic staff, journalists and businessmen were moved from their homes into hotels ahead of the airlift and other Indians have been recommended to do the same. The Indian High Commission in Colombo was closely guarded last night and secret documents were being either shredded or taken elsewhere in case the premises were looted.

Yesterday's sudden assertion of India's regional supremacy has plunged relations between the two countries to their lowest point ever

# Bankers protest at Norway's proposal for loan write-offs

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

INTERNATIONAL bankers are protesting at Norwegian Government proposals which would force them to take substantial write-offs on loans to Kongsberg Vaapenfabrik, the financially troubled Norwegian state-owned defence contractor.

The Government is refusing to provide additional subsidies which Kongsberg says it needs to avoid bankruptcy.

Instead, it has produced a plan, due to be discussed today by a Norwegian parliament committee ahead of a parliamentary vote next Wednesday, under which 30 to 40 per cent of the company's bank debt would be written off.

Kongsberg has 33 bank creditors to which it owes a total of NKr 1.6bn ($239m), most of it unsecured.

Among the banks affected are Samuel Montague in the UK and Norway's two largest banks, Norske Creditbank and Christiania.

Bankers say the plan runs contrary to their understanding that Kongsberg's loans were guaranteed by the state, and would affect the credit standing of Norwegian state concerns in the international financial markets. The loans, they say, would not have been made had Kongsberg not been state-owned.

They are drawing parallels between the Kongsberg case and last year's tin crisis where governments failed to stand behind the debts of the International Tin Council.

The Government's plan to recompose the company's debts would need the approval of 60 per cent of the creditors, by number and volume. However, bankers say the Government is in a position to force approval through its control or influence on Norwegian financial institutions.

The bankers' claim that the Norwegian Government has an obligation to stand behind Kongsberg has not been tested in the courts. The banks are arguing that the close relationship between the company and the Government makes the obligation implicit.

Kongsberg's biggest lossmaker, its jet engine division, is in the process of being sold.

**Oslo steps on banks' toes, Page 26**

# Minnow swallows drinks chain

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR, IN LONDON

MAJESTIC WINE Warehouses, one of the smallest British drinks retailers, is poised to break into the US market through the purchase of Liquor Barn, a discount drinks retailer more than 15 times its own size.

Majestic Wine Corporation (MWC), a partly US owned subsidiary of the British chain, has agreed to pay debt-ridden Safeway Stores of California more than $100m for its 104 Liquor Barn outlets.

The deal follows the British Argyll Group's £681m ($1.1bn) purchase in January of the Safeway supermarket business in the UK.

That sale made Argyll the fourth biggest food retailer in Britain. Majestic's foray will make it one of the largest specialist retail drinks businesses in world.

Majestic, a private, bare-boards-and-boxes discount operation, has 21 shops, mainly in the south of England, and 110 staff. Sales for the year to the end of June are forecast at £12.5m.

Liquor Barn, claimed to be the biggest discount drinks retailer in the US, with 1,100 employees, turned over $332m in the year to January 3.

Liquor Barn is "profitable," according to Ms Josephine Valentine at Baring Bros, the merchant bank advising Majestic.

The British company owned about 50 per cent of MWC, the takeover vehicle, she said, which was structured "rather like a management buy-out shell company, with a hell of a lot of debt, a few warrants and some equity."

Majestic had been eyeing Liquor Barn for some years, and when it became known that Safeway was willing to sell, a bid was put together with the help of Nightingales, a New York investment banking partnership, and Kidder Peabody, the investment bank.

Mr John Adams, a partner at Nightingales, said yesterday that Majestic Wine would ultimately control more than 50 per cent of MWC.

**Continued on Page 24**

# Brazil's creditors to discuss new money package

By Alexander Nicoll in London and Ivo Dawnay in Sao Paulo

BRAZIL'S leading bank creditors expect talks to begin within the next month on a new financial package for the country, though not until the Government has unveiled a new economic programme which is expected soon.

Central to the discussions will be the treatment of interest arrears, which have amounted since the country suspended payments on its $68bn bank debt in February. This will be crucial to the size of new loans that Brazil will seek from banks.

Mr Yoshiaki Nakano, chief adviser to Mr Luiz Bresser Pereira, the Finance Minister, yesterday played down reports that Brazil was set to offer payment of half its due interest. He said no final negotiating position had been concluded, but added that under broad outlines now established, around 50 per cent of the interest due would need refinancing.

Bankers took this to mean that Brazil would pay half the interest from available resources – though the present level of its reserves would probably not permit this – and that its request for new money could include an amount equivalent to the other half. It would then pay interest in full using the new money.

Brazil has consistently said that it wanted to resume payments to banks.

Although banks expect Brazil's package to restore its standing with them, some also speculate that this could be achieved through use of some of the new financing alternatives now being adopted under the so-called "menu" approach under which banks may put up new finance in a variety of different ways.

This approach might involve offering banks the chance to capitalise part of their interest due – adding it on to debt principal – as an alternative to lending new money. This could appeal to non-US banks for whom it would create fewer accounting problems.

There would remain, however, considerable opposition from many US banks to any proposal involving interest capitalisation.

Brazilian officials say the country will need some $6bn in new money loans from foreign creditors to meet its current account deficit this year, $2bn above earlier projections. This reflects the sharp decline in Brazil's trade performance in the first four months.

**Austerity pays off in Chile, Page 5**



CONTENTS



French President François Mitterrand, who now seems likely to stand for re-election, Page 24

**MAKING THE MOST OF THE OTHER SIDE'S SQUABBLES**

# EUROPEAN NEWS

## Zhao tour reflects rapid advance in East Europe trade

BY LESLIE COLITT IN BERLIN

CHINA'S Prime Minister, Mr Zhao Ziyang, began a five-nation East European tour which reflects the rapid improvement in political and economic relations between China and Eastern Europe over the past year.

East European leaders who openly admired the Chinese communists reluctantly severed their relations with Peking after the ideological split in 1961 between the Soviet Union and China.

Mr Zhao, who is regarded as China's second most important leader, arrived in Poland yesterday. The Polish leader, General Wojciech Jaruzelski, last September became the first "ally" of Moscow to pay an official visit to China since 1960. Romania was the only Warsaw Pact country to maintain normal relations with China.

In addition to Poland, the Chinese leader will visit East Germany, Czechoslovakia, Hungary and Bulgaria.

East Germany's leader, Mr Erich Honecker, went to China last October, and both sides spoke of a possible resumption of official Communist Party ties. Visits to Peking earlier this year by the Czechoslovak Prime Minister and Bulgarian party chief rounded up China's normalisation process with Eastern Europe.

The improvement in political relations was ushered in after the conciliatory speech towards Peking nearly a year ago by the Soviet leader, Mr Mikhail Gorbachev. But Chinese-East European trade had already expanded by more than 50 per cent in 1985 to $2.6bn. Trade with Eastern Europe was given an emphasis by China's shortage of hard currency and its large trade deficit with the West.

China has become a growing market for the East European vehicle industry, importing 46,000 cars and trucks alone from Poland in the past few years. Most of the 120,000 vehicles China imported last year came from Eastern Europe.

Poland's trade with China, like that of the other East European countries, is calculated in Swiss francs and rose sharply last year to SFr 1.5bn ($986m). Its main imports from China are raw materials, foodstuffs and textiles.

East Germany and China are to triple their exchange of goods to SFr 4.8bn under a five-year trade accord to 1990, under which East German companies will modernise Chinese factories. Chinese-Czechoslovak trade was SFr 1bn last year and is to remain at roughly this level to 1990. Czechoslovakia will export nearly 4,000 trucks a year to China

Diana Smith explains a cellar raid in Portugal

## 'Spring wine' mystery

THE FLAT, fertile Ribatejo, the region that stretches along the banks of the river Tagus north of Lisbon, specialises in black bulls for bullfighting, fruit, vegetables and light, fruity white wine.

However, its winegrowers, like any other Portuguese producers of wine made from real grapes, do not ferment wine in March or April. By then, wine made from grapes has finished its September to November fermantation and is beginning to mature.

So it was with considerable surprise that officials of the Economic Activity Inspectorate – the body that checks out conditions and quality of food and drink production and marketing – learned that in a winecellar in Almeirim in the Ribatejo more than 1m litres of something were fermenting merrily away while fruit trees burst into spring flower, strawberries ripened on the vines and melons swelled in preparation for summer consumption.

Swiftly, they raided the cellar – belonging to a retired bullfighter and livestock breeder – confiscated 1.5m litres of whatever it was and sealed off the premises.

Now they will test the mysterious liquid to try to find out what it is made of. Improbably, grapes says the inspectorate: maybe sugar or malt that ferments and in time looks though hardly tastes, like (sort of) white wine.

When the examinations are over – perhaps with outside help since the laboratories of the inspectorate may not have sufficiently sophisticated equipment to detect the origin of the mystery batch, Ribatejo producers of real wine will hold their breath, waiting to see if the extremely heavy jail sentences and fine prescribed by law for wine falsification are imposed or not. Over the years they have lost sales to odd "wine" that costs a fraction of their grape wine.

This is the first major seizure and testing of what the Portuguese call *vinho feito a martel* – wine made with a hammer – since Portugal joined the European Community and standards that have always prevailed for top grade, top price table wines whether for domestic consumption or export filter downmarket where, as the Italians say "anyone can make wine from anything... including grapes."

Cheap, doctored "wine" has been around for years, made from (a few) grapes, (a lot of) water and (a dash of) cheap fire-water to give it (sort of) body.

Many bibbers do not care what is in the glass as long as it is alcohol in a land of severe alcoholism – one in every 20 Portuguese, according to recent medical estimates, is an alcoholic. The process often begins in poor rural areas or urban slums in babyhood when parents use wine as a pacifier. So there are those who lap up something cheap which is not quite wine and no questions asked.

This upsets the thousands of scrupulous tavernkeepers, restaurant or cafe owners who sell cheap real wine from the barrel or bottle at between 80 and 100 escudos (about 60 cents) a litre, marketed often at a loss by honest winemakers for 33 escudos a litre.

It costs closer to 50 escudos nowadays to produce a litre of bona fide wine, but only 15 to 20 escudos to produce a litre of "hammer" brew. The hammer-wielders in recent years have been making sizable profits as have distributors from the north who bottle and sell Ribatjo "wine".

Producers of fine Ribatejo bulk or table wines anxious to uphold the good name of the area and, with new opportunities offered by EC membership, establish quinta-bottled appellation controlee wines – a quinta being a country estate – suffered in silence or with angry mutters for years while the Almeirim "spring wine" phenomenon prospered.

Discovering that EC membership endorses protection of standards, someone in the Ribatejo decided to force the "spring wine" issue out of the cellars into the open with no-holds-barred local press and TV exposure. Massive publicity for such problems in a country whose people under the old regime feared that complaints could incur violent retaliation, is spreading in post-EC accesson Portugal.

Producers are learning that belonging to an exacting Community arms them with weapons they never had before.

## Deal with Ericsson strengthens TI's hand

By Kevin Done, Nordic Correspondent, in Stockholm

ERICSSON, the Swedish telecommunications and electronics group, has signed an agreement with Texas Instruments which could eventually make the US group Ericsson's preferred supplier of advanced microelectronic components.

The agreement strengthens Texas Instruments' role as a supplier of semiconductor components to Ericsson, one the world's leading telecommunications groups, and follows many months of negotiations, which have included some of TI's main rivals such as Motorola, National Semiconductor and AMD.

Mr Lars Ramquist, Ericsson executive vice-president, said the deal was one of the most important co-operation agreements undertaken by Ericsson in basic technology.

Previously, Ericsson has undertaken a substantial part of its own basic technology development, but increasingly it is seeking partnership agreements, which will allow the group to devote more of its resources to systems development.

Mr Ramquist said that other areas in which co-operation deals were being sought included optical components – such as lasers for use in fibre optical systems – and central processor units.

## Poehl paints the economy in brighter colours

BY ANDREW FISHER IN SAARBRUECKEN

THE PRESIDENT of the Bundesbank, Mr Karl Otto Poehl, yesterday sought to present a brighter picture of the West German economy ahead of the Venice summit, saying it was growing again after the slack first quarter caused by the effect of the cold winter on new construction.

He claimed that West Germany had made more progress in adjusting to world economic imbalances than other countries, but the US and Japan now also showed signs of catching up. Citing the expected lower US budget deficit and Japan's latest economic programme, he said: "All in all, something is on the move." That seemed to impress foreign exchange markets more than criticism of February's Louvre accord on currency stability.

In Venice, he expected a reaffirmation of this agreement, which had helped keep the dollar/D Mark rate stable. But West Germany had little scope to stimulate its economy further, as widely demanded in the face of slower growth estimates.

Currency stability, he said, was a main condition for improved economic growth. He gave statistics to illustrate the Bundesbank's view that the West German economy was moving again, though not fast encugh to make a severe dent in the 2.1m unemployment figure.

The first quarter had not been as bad as it first appeared, he commented. Compared with the fourth quarter of 1986, the economy slipped by 1 per cent, but was still 2.5 per cent up on the first quarter of 1986. In April, new foreign orders had risen by a seasonally adjusted 7 per cent over the average of the first three months and by 3.5 per cent on the domestic front. Production was 2 per cent up on the first quarter.

"From these statistics," he said, "it is clear that the widespread economic pessimism is not justified, but that we can certainly hope that the German economy is back on a growth path."

Mr Poehl, speaking at a Bundesbank news conference, also said that the rise in the money supply had eased recently, if developments on the euromarket were included. There was no reason to dramatise the rise in money supply, which had been above target, as currency inflows had chased the rising D-Mark. Inflation was negligible in West Germany, though he said "the price picture is not as favourable as a few months ago."

The recent easing of West German interest rates had combined with higher US rates to help stabilise exchange rates, he said.

**NEW ORDERS in West German manufacturing industry went up by a seasonally adjusted 5 per cent in April, compared to the previous month, writes Haig Simonian in Frankfurt. According to preliminary figures from the Economics Ministry, overall industrial production in April rose by a seasonally adjusted 3.5 per cent. Manufacturing output increased by 2.5 per cent, and building activity by 28.5 per cent.**

## Kohl presses for increased defence links with France

BY DAVID MARSH IN BONN

MR HELMUT KOHL, the West GERMAN Chancellor, yesterday spelled out again his misgivings about the increased Soviet military threat to the Federal Republic which would result from the planned US-Soviet European nuclear disarmament accord.

In a speech to the Bundestag in which he justified his Government's qualified acceptance on Monday of the so-called "double zero" missile elimination plan, Mr Kohl also issued a new call for increased defence links with France to safeguard West German security.

Borrowing the phrase from President de Gaulle, Mr Kohl said he would be relying especially on France in forthcoming East-West negotiations to try to reach conventional force stability in Europe "from Atlantic to the Urals."

Mr Kohl has been severely criticised this week by members of his Conservative Christian Democratic Union (CDU) party and its sister Christian Social Union (CSU) grouping for bowing to international and domestic pressure for a double zero accord. Mr Franz Josef Strauss, the CSU leader, has said the accord would pave the way for "decoupling" the security of Europe from that of the US.

Under the double zero plan, the US and Soviet Union would eliminate from Europe all nuclear missiles of 500 km-5,000 km range. This is seen by many on the West Geramn right as increasing the country's exposure to Soviet short-range nuclear weapons of under 500 km range which will remain, as well as to the Warsaw Pact's superior conventional and chemical forces.

Mr Kohl insisted yesterday that an "unconditional" West German acceptance of Moscow's proposal to dismantle missiles in the 500 km-1,000 km range was "out of the question." He repeated that the 72 older Pershing 1A missiles owned by the West German air force, nuclear warheads for which are under American control, should remain outside the superpowers' negotiations.

This condition has been vigorously opposed by the opposition Social Democratic Party. Additionally, the Free Democratic Party, junior partner in the Bonn coalition, which has fought against the CDU/CSU in favour of a double zero option, has indicated this week that it does not want to hang on at all costs to the Pershing 1As.

## Prospect of poll losses worries Spain's Socialists

BY DAVID WHITE IN MADRID

SPAIN'S RULING Socialists have become increasingly worried about the prospect of local losses in next Wednesday's elections in the light of the latest opinion polls.

The first comprehensive poll since the start of campaigning two weeks ago, published by the leading Madrid daily, El Pais, showed a loosening of the Socialists' hold on traditional left-wing strongholds — including Madrid, Seville and Valencia—and a threat to their leadership in the 1992 Olympic city of Barcelona.

Other big towns where they are seen being ousted from their majority positions include Saragossa, where the Socialists camp has split into rival factions, and Valladolid. The poll used a sample of 11,000 voters.

The poll confirmed expectations that both the Socialists and the main conservative party, Popular Alliance, would lose ground overall in the local, regional and European Parliament elections, to the benefit mainly of former Prime Minister Adolfo Suarez's Social and Democratic Centre (CDS).

Forecasts for the European Parliament ballot, which is regarded as the clearest measure of general trends, vary widely, however. The El Pais survey showed the Socialists with under 39 per cent of the vote, a sharp drop from their 44 per cent general election result last year. But the centrist newspaper Diario 16 gave them between 41 and 43 per cent, in line with the party's expectations.

El Pais showed the Socialists losing their outright majority in Madrid (a forecast supported by the Catholic daily Ya) and being beaten for first place in Barcelona by the moderate Catalan nationalist party, Convergence and Union.

## Inflation above 40% in Turkey

By David Barchard in Ankara

TURKEY'S annual rate of inflation has climbed again above 40 per cent, according to official figures. This is despite a Government target of 20 per cent for the year's end. Retail prices rose 4.9 per cent in May.

The country has been waging an unsuccessful battle against inflation for most of the past four years. However the latest trade figures show that the deficit in the first four months remained at the same level as last year — $1.2m. Both imports and exports are running well above last year's figures.

FINANCIAL TIMES

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# Newspaper assails Soviet military

By Patrick Cockburn in Moscow

THE SOVIET military daily newspaper yesterday strongly criticised all sections of the armed forces for conservatism and stagnation following the failure of Soviet air defence to intercept a light aircraft which landed in Red Square last week.

"Serious deficiencies, many of which unfortunately exist in the army and the fleet, came vividly to light in the recent case of violation of Soviet air space," said Krasnaya Zvezda (Red Star).

Marshal Sergei Sokolov, the Defence Minister, and Marshal Alexander Koldunov, the commander-in-chief of air defence, both lost their jobs last weekend when Mr Mathias Rust, a 19-year-old West German, flew 500 miles across the Soviet Union to land in Red Square.

The article in Krasnaya Zvezda is significant because it takes the failure of the air force to intercept Mr Rust's aircraft as evidence that the armed forces as a whole have failed to introduce the reforms being advocated by Mr Mikhail Gorbachev in an effort to modernise the rest of Soviet society.

"We cannot take one step forward if we do not learn to work in a new way, to overcome stagnation and conservatism in all their forms." The newspaper says, linking professional inefficiency to the failure to introduce changes.

Having made Mr Rust's flight the occasion for general criticism of the competence of the armed forces the Soviet authorities have made it more difficult for themselves to treat the incident as a teenage prank.

Mr Gennadi Gerasimov, the Foreing Ministry spokesman, said yesterday that there were three alternative explanations for Mr Rust's flight. It might have been an individual initiative by the pilot, a promotional stunt by the aircraft company or, more seriously, the result of an organised plan involving other participants.

He noted with approval that the West German Government had officially regretted the incident and said there was no reason for it to damage relations.

# France warns its citizens to leave Iran

BY PAUL BETTS IN PARIS

THE French foreign ministry yesterday informally advised French nationals without pressing business to leave Iran as soon as possible.

The warning follows fears in Paris of Iranian retaliation after 57 Iranians and Arabs were held for questioning in a major police round-up in Paris, Lyons, Marseilles and Toulouse.

The 57 were detained by police investigating threats by the so-called Committee of Solidarity with Middle East Prisoners. This organisation claimed responsibility for bomb attacks in France last year and has threatened a "hot summer" if the government does not release three Arab terrorists. The round-up also followed the discovery of explosives in a dustbin in the forest of Fontainebleau near Paris.

The foreign ministry contacted French companies with business in Iran on Wednesday after the police round-up advising them if possible to pull out employees and their families. French industry sources disclosed yesterday. The situation in Iran was said to be "very tense" following the conflict between Tehran and the British Government and now the French police dragnet.

Of the 57 in custody, 22 are expected to be expelled today together with their families, according to security sources.

The police are reported to have discovered guns and false identity papers during their anti-terrorist sweep on Wednesday in several cities. The Interior Ministry confirmed that police searched the Islamic library and centre at Kremlin-Bicetre in the suburbs of Paris which had long been regarded as a hotbed of Islamic fundamentalist activity.

Police are also trying to question Mr Wahid Gordji, the number two in the Iranian embassy in Paris. Mr Gordji has long been suspected of being closely connected with fundamentalist extremists.

The security forces are believed to have envisaged at one stage an even bigger round-up involving up to 500 terrorist suspects.

The latest crackdown also coincides with the opening this week under heavy security of the trial in Paris of three members of the left-wing Action Directe terrorist group accused of the murder of two policemen in 1983.

# Ireland seeks to boost oil exploration

BY HUGH CARNEGY IN DUBLIN

IRELAND is to offer more attractive licensing terms to oil, gas and mineral explorers in an effort to boost disappointing results in the country's hunt for commercial offshore oil reserves.

Mr Ray Burke, the Energy Minister, said he would publish details of improved terms within the next six weeks. His announcement came within days of the publication of results by British Petroleum of tests on an oil well in the Celtic Sea which did not live up to hopes that confirmation of exploitable crude deposits was at hand.

BP said it had abandoned the well in licensing block 49/9 after tests yielded a maximum flow of 1,930 barrels per day from Jurassic rocks drilled to a depth of 2,060 m below sea level. This compared with around 10,000 b/d measured in another well in the same block in 1983.

Attention has now shifted to drilling on a new well in block 50/6, about 20 miles to the east, where BP is also the operator. Good quality oil has been found there previously, flow tested at 2,000 b/d.

Mr Burke said the review of licensing terms, which will be completed before applications close for a new licensing round on July 1, would reflect "reality" rather than previous expectations of North Sea-sized finds. He acknowledged criticisms of existing Irish terms affecting marginal fields. The new terms would compete favourably with those in other prospecting areas.

No commercial oil has been brought ashore after more than a decade of exploration, although natural gas has been flowing from Kinsale Head in the Celtic Sea since 1978.

# Journalists in France strike over job cuts

By David Housego in Paris

JOURNALISTS at Le Matin, the French left-wing paper, yesterday decided to strike over proposals to halve the 160 staff. The paper, which recently filed for bankruptcy, could pass under proposals drawn up by the Paris commercial court into management control of a new holding company including Italian, Luxembourg and Spanish shareholders.

Meanwhile Le Monde, France's best known daily, is to seek FFr 24.75m in fresh capital from its readers to consolidate planned changes on the paper and to enable it to diversify.

The new funding operation confirms the turnaround in Le Monde's performance. Last year pre-tax operating profits were FFr 48.8m. Its ambition is to become a "real press group," extending its products and becoming more involved in television.

Liberation, another daily, has also been expanding its activities. It announced that it was raising an additional FFr 15m of capital.

The increase is being subscribed to by industrialists including Mr Antoine Riboud, the chairman of BSN, the food group. But the journalists will retain majority control.

# European forces warned off the Gulf by Iran

BY JOHN WYLES IN ROME

THE IRANIAN Government has launched an urgent diplomatic effort to dissuade some European governments from joining the US in supplying military protection for shipping through the Gulf.

With President Ronald Reagan having indicated that he will raise the issue at the Venice summit next week, the deputy Iranian Foreign Minister Mr Javad Larijani, followed up visits to Bonn and Rome with a trip to Brussels yesterday for discussions with the Belgian Government, which is currently occupying the presidency of the EC's Council of Ministers.

Mr Larijani apparently left Rome satisfied with some characteristically general statements issued by Mr Giulio Andreotti, the Italian Foreign Minister. "The less foreign presence in the Gulf, the better for all," said Mr Andreotti, adding that there was every need to avoid complicating the situation.

It is doubtful whether the present caretaker Italian Government would have the necessary authority to add to any military force in the Gulf, even if it was inclined to do so. Mr Bettino Craxi, the former Prime Minister, said yesterday that he was against any Italian military presence, but believed that freedom of navigation was a national interest "which must be clearly stated."

Meanwhile, Italian diplomats preparing the summit say they have not yet received any indication from Washington as to when and in what terms. Mr Reagan will raise the Gulf problem. The US president arrived at his pre-summit residence in Treviso late on Wednesday.

In a statement issued in Mr Larijani's name after he left Rome yesterday, the Iranians pointed out that the attacks on shipping had been started by Iraq with the aims of putting pressure on Tehran, widening the war to involve other Gulf nations and dragging "foreign powers" into the conflict.

Andreotti: Less foreign presence.

Iran was opposed to any foreign presence in the Gulf, said the statement, which warned that security there was indivisible, "that is, if there is no security for the Islamic Iranian Republic, then there will be none for any other country."

Security of navigation could only be assured by preventing Iraq launching any more attacks on shipping, including Iranian shipping, and the plan to fly the US flag on Kuwaiti tankers "will only increase tension in the area," warned Mr Larijani.

US lowers hopes, Page 5

# Swiss central bank chief rejects action on currency

BY WILLIAM DULLFORCE IN GENEVA

THE SWISS National Bank will not deviate from its policy of stabilising domestic prices, in order to influence the Swiss franc-D-Mark exchange rate, Mr Pierre Languetin, its president, said yesterday.

He was responding to a suggestion on Tuesday from his predecessor, Dr Fritz Leutwiler, that the bank make a "declaration of intent" that could bring the franc closer to the D-Mark and help Swiss industry.

There was no persuasive economic reason why the D-Mark should be quoted about 20 per cent lower than the Swiss franc, Dr Leutwiler, now chairman of the electrical engineering company Brown Boveri, has said at his annual general meeting. With a Swiss franc between 1.75 and 1.80 to the dollar, the same rate as the D-Mark, instead of the recent 1.46, Brown Boveri could bring in many orders it was now having to forego, he said.

A gradually rising rate for the D-Mark in relation to the franc would be desirable for Swiss industrial exports and would not contradict the bank's monetary stability goal, since the Bundesbank was pursuing the same aim, he added.

However, Mr Languetin said yesterday the bank had to think of the Swiss economy as a whole. It could not consider only a certain part of industry or individual companies "that have yet to overcome their structural problems." The bank has targetted a 2 per cent growth in money supply in 1987.

The Swiss machinery manufacturers' association warned in its annual report yesterday that the full effect of the appreciation of the Swiss franc in 1986 would only be felt this year and in subsequent years. Order bookings by the industry last year at SFr 19.4bn (£7.9bn) were slightly lower than in 1985. Export orders fell by 3 per cent.

# Bofors paid agents, says India arms deal inquiry

BY SARAH WEBB IN STOCKHOLM

AN OFFICIAL investigation into whether the Swedish weapons manufacturer Bofors violated its agreement with the Indian Government by using agents so as to secure its SKr 8.4bn (£811m) artillery order last year, found evidence of payments to agents.

Mrs Anita Gradin, the Foreign Trade Minister, yesterday called for Bofors to provide full details of the order, following the publication of the National Audit Bureau's report.

The report showed that Bofors had paid between SKr 170m-250m to a former agent in India last year and had agreed to pay an unnamed company commissions in arreas in connection with the order.

Bofors describe the payment to its agent—which it has now stopped using—as a "completion fee." The company denies paying fees to agents and middlemen to help it secure the order, and claims that the payments were "for administrative services."

Recent allegations by Swedish Radio that Bofors paid SKr 250m to secure the order shook the Indian Government and forced Sweden to set up an official inquiry.

# EC pressure on airline reform

BY TIM DICKSON IN BRUSSELS

US DEREGULATION of the airline industry was defended yesterday by Mr Peter Sutherland, the EC Competition Commissioner, who added that further competition in European air transport was inevitable. There were still successful small and medium sized carriers in the US, he said. "It is quite wrong to suggest that only the big can survive."

His speech to the International Association of Airport Authorities in Dublin was clearly timed to step up pressure on the Community's transport ministers, who meet in Luxembourg next Tuesday in a new effort to agree a political package of liberalising reforms.

EC governments remain divided on how far their airlines should be encouraged to modify agreements on revenue and capacity sharing, introduce cheap fares, or admit new carriers to established routes. Few are willing to go as far as the European Commission wants, so the question next week will be the nature of the political compromise, if any, to which ministers can subscribe.

Mr Sutherland's message has been that the Commission can only grant exemption from the full competition rules of the Treaty of Rome if the ultimate package agreed by the Transport Council is "substantial."

● The European consumer lobbying group, BEUC, warned yesterday that unless new airlines were allowed access to the market, any liberalisation package will be useless to consumers. Figures released yesterday showed that the current proposal by the Belgian presidency for discount fares would leave passengers no better off than the existing cheap fares on many European routes.





*INSIDE CORPORATE STRATEGY*

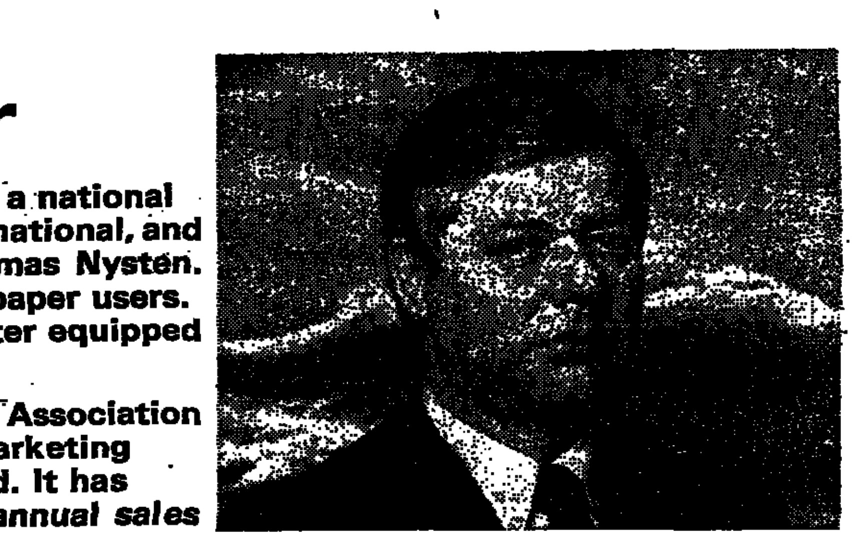
## Finnpap:

# An international partner

**Finnpap is happy to admit that it is no longer a national institution. "Finland's paper industry is going international, and so are our customers," says Managing Director Thomas Nystén. "Our future lies in being a partner to international paper users. And there is no other organisation in the world better equipped to do it."**

**The full English title, The Finnish Paper Mills' Association is misleading. This is no club but a vast sales and marketing organisation, the largest paper exporter in the world. It has offices or representatives in 50 countries, handling annual sales worth some US $2 billion.**

by Patrick Humphreys, Nordic Communications Corporation



*Finnpap's Nystén: "We provide the opportunities . . ."*

The organisation dates from 1918 when Finnish mills, shocked by the Russian Revolution which had cost them their only export market, joined forces to tackle prospects in the West. Their success—75% of Finnpap paper is exported to Europe—has also brought an evolving role to the Association.

"We started by selling Finland as much as Finnish paper," Nystén points out. "We were a centralised, even dictatorial, organisation. Now the world knows of Finland, just as our member companies have much more knowledge about the world. Finnpap has become a sophisticated marketing instrument. We provide our members with opportunities but they handle the business."

The Finnpap model is unique and will probably remain so. "It's not altogether a very natural thing for competitors to band together—it was in response to unusual historical circumstances. Finland has a large paper industry but virtually no domestic market. We also have no particular advantage in forest and energy resources. What Finland does have is extremely advanced know-how in papermaking, while Finnpap has excellent knowledge of the international paper business."

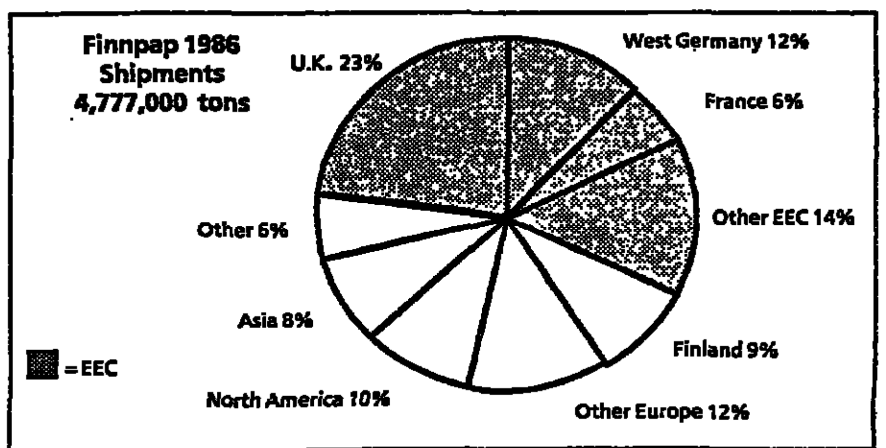
An organisation of this size inevitably evokes doubts that it acts in restraint of competition. Its managing director says the reverse is true. "Finnpap is in very tough competition with the local paper producers in the overseas markets we serve."

### Leaner and wiser

"The Finnish paper companies are no different to companies in any country in aiming to maximise individual profits. The customer's need is the decisive thing, and we can't influence that. Originally we did put all earnings into one basket and paid members according to their proportion of total tonnage, but today everyone gets what the customer pays."

Another tough competitor for Finnpap is Finland's largest papermaker, Enso-Gutzeit, which resigned from the Association with effect from the start of this year. "It was a shock to us, of course, when Enso left. We had been building up considerable market shares, which is expensive to do, and suddenly we didn't have the capacity to take care of this market share. But there are many positive sides to it too. Waking up to the fact that we do not have a mandate to sell all Finnish paper gave us an incentive to streamline our operations and become more efficient.

"We have to be able to offer our customers something unique. Our great advantage is a complete range of products. Very few domestic suppliers have this. They can be very good in some field or other but for a big publisher the only supplier that can handle any problem is Finnpap. Take a modern newspaper with supplements, inserts, special pages, different colours, all requiring different types of paper. We can supply all the types required and sudden changes in ratio present no problem."




### A future for Europe

Nystén is confident that European papermaking has a future despite cost pressure. "Obviously the developing countries will move into some areas of paper production, especially products that can be made out of fibres like eucalyptus. But as investments become bigger, so does risk and this cancels out some of the benefits of low raw material prices."

Things do not, in fact, look as bleak as in the early 1970's "when everyone was up against the wall. The British industry had collapsed, even efficient German paper making was dying—and then they suddenly realised they could use waste paper. Today you can produce excellent newsprint based on waste paper.

This has given European paper mills such a competitive raw material source that there has been a revival in basic products like newsprint. Also it's amazing how much more forest there is in Europe today—for example Britain—as the result of re-afforestation programmes."

Finnpap concedes that Finland's position is getting more difficult all the time. "Our wood is expensive, our labour is not cheap and neither is our energy. But what you also need to make paper is know-how and that we have.

"If you look at a modern paper machine and think how precisely the paper has to be produced to customer specifications, you realise that paper is a high technology product. Making paper means controlling an enormous process with extreme accuracy. When I started in this business, newsprint was a 52 gram sheet. Today modern ambitious newspapers are using a 40 gram sheet and printing beautiful colours on it. That's a quantum difference. and Finnish papermakers have led the way."

FINLANDE

FINNPAP

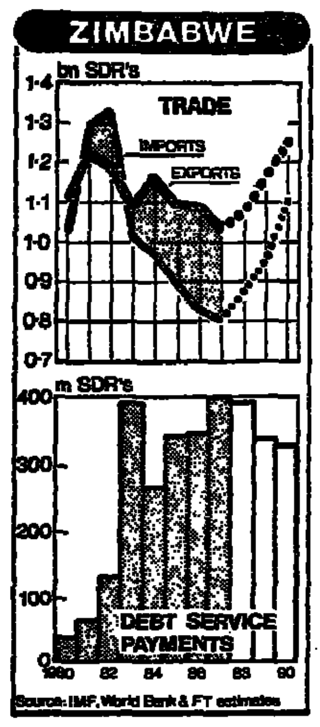
Head Office: Eteläesplanadi 2,
P.O. Box 380, 00101 Helsinki

Key statistics, 1986

| | | |
|---|---|---|
| Sales | 4.7 million tons | FIM 13,958 million |
| Share of total Finnish exports | | 15% |
| Share of total forest industry exports | | 42% |

Finnpap members: Ahlstrom, Kajaani, Kymmene, Kyro, Metsa-Serla, Myllykoski, Nokia, Rauma-Repola, Rosenlew, Schauman, Tampella, Voitsiluoto, United Paper Mills.

# Zimbabwe pins its hopes on an unlikely investment boom



Source: IMF, World Bank & FT estimates

**Tony Hawkins reports from Harare on the policy behind cuts in profits remittance**

WHEN Dr Bernard Chidzero, Zimbabwe's Finance Minister, last week announced a curb on dividend and profit remittances by foreign companies, together with *reinvestment incentives*, one irony went unnoticed.

Mr Robert Mugabe's Government is ostensibly socialist, and committed to the "Zimbabweanisation" of the capital stock. Yet the new regulations will in fact have the opposite effect, and will increase foreign ownership — in theory at least — *through* reinvestment.

But more fundamental points are being raised by the business community. Will the new measures in any way boost Zimbabwe's generally poor record of foreign investment since independence? And will the measures lead to a domestic *investment* boom, as Dr Chidzero hopes, which would reflate an economy constrained by a deteriorating balance of payments situation?

By halving remittances by foreign companies to 25 per cent, Zimbabwe hopes to save some Z$75m (£27.8m) a year in foreign exchange. At the same time the complex regulations covering reinvestment by *multinationals have* been liberalised with the aim of "injecting more foreign currency into the economy and stimulating investment."

Not surprisingly, business leaders are warning that *Zimbabwe's chances of attracting* new investment inflows will now be slimmer than ever. But given the country's dismal foreign investment track record — an estimated US$7m inflow annually since independence in 1980 — the new focus on encouraging foreign companies *to reinvest is* essentially realistic.

However, it would be wrong to suggest, say local economists, that this is going to turn the economy around, let alone come to grips with the growing unemployment crisis.

Since the independence boom ran out of steam in 1982, the Zimbabwe economy has been growing at a mere 1 per cent a year, while the popula*tion is growing at more* than 3 per cent. Employment levels are little different from those of the mid-1970s, and unemployment having risen from 12 per cent in 1984 to an estimated 18 per cent this year, is forecast to reach 25 per cent by 1991.

Investment in the first six years of independence has actually been lower than that achieved in the final years of economic sanctions and guerrilla war in the late 1970s. Official statistics show that last year capital investment was 40 per cent below its post-independence peak while a business survey released last year found investment intentions at their lowest ebb for at least three years.

The positive aspect of Dr Chidzero's package is designed to encourage reinvestment by multinationals by relaxing regulations that currently restrict reinvestment. Funds not remitted by foreign-owned companies are classified as "surplus" and until last week could be deposited to earn maximum interest of 9 per cent, or reinvested given the approval of the Foreign Investment Committee which has the reputation of taking *months — and* even years — to reach a decision.

The new proposals reduce maximum interest on deposits to only 5 per cent while relaxing the existing restrictions on investment.

While the Chidzero measures *are likely to boost investment* in 1988-89, the extent of this is impossible to guage. For a start, it is unclear just how large these surplus funds are and the Central Bank is currently seeking this information from the banks.

Secondly, the whole concept of surplus funds is elusive. The manager of one large foreign company said he had no plans to reinvest since his surpluses are required to finance escalating working capital requirements, partly resulting from *high-cost* inventory management techniques caused by the cumbersome and inefficient system of foreign currency allocations to industry.

In any event there is little incentive to invest when manufacturivg industry is operating at 65 per cent of capacity. Industrialists stress that their top priority is to renew aging equipment rather than expand capacity and this could well result in fewer rather than more jobs.

Regardless of the volume of surplus funds in the economy, import capacity is the critical constraint on investment. Because roughly half of any new investment represents imports, even if the entire Z$75m to be saved from reduced remittances were reinvested—which won't happen—the increase in investment would be only 10 per cent on last year's depressed levels.

Far more important than the measures announced last week are the urgent problems of the burgeoning budget deficit and Zimbabwe's *lacklustre* export performance that remain to be tackled.

*The budget deficit of Z$1.2bn*, equivalent to 14 per cent of gross domestic product, is a major obstacle to securing a World Bank loan for export promotion.

Debt-service payments will exceed 30 per cent of exports this year and remain close to the 30 per cent level for the rest of the decade, necessitating continuing tight curbs on imports and remittances. The rapid growth in output and employment necessary to satisfy *the aspirations of a fast*-growing population and labour force is simply incompatible with import compression and foreign investment controls.

The way out is to loosen the foreign exchange constraint by boosting exports which in terms of special drawing rights are 12 per cent below their 1981 peak, and encouraging foreign investment. At the end of the day, reflationary strategies are *simply not viable without a significant* increase in import capacity.

# New Zealand MPs pass law banning nuclear weapons

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S legislation banning nuclear weapons was finally passed by Parliament last night after 18 months of discussion and strong objections *from* both Australia and the US.

The bill prohibits any nuclear *material* being stored or stationed in New Zealand, in its ports or around its shores. It also bans nuclear-powered and nuclear-armed vessels or airplanes.

It was passed by 39 votes to 29 with support from the two-member Democratic Party.

Mr David Lange, Prime Minister, returned home early from the South Pacific Forum conference in Western Somoa to guide the legislation *through parliament. It is* a key part of his foreign policy and he was anxious to have the bill passed before the general election, widely expected in August.

Mr Bill Birch, a senior National Party MP, said the bill would be welcomed in *Moscow*. Opposition critics claimed it did not provide greater protection for New *Zealand*.

The ban on nuclear weapons is widely popular, mixed with concern over New Zealand's effective expulsion *by the US and Australia from* the Anzus defence alliance for not allowing visits by nuclear armed *or* powered ships.

The bill does not require any other nation to say *if its ships* carry nuclear weapons. The decision is left to the New Zealand Prime Minister who can approve visits only if he is satisfied ships or air*craft do not* carry any nuclear device.

The legislation does not limit the freedom of ships exercising right of passage through New Zealand's territorial waters.

• Lange (right): returned early.

# Japan tries to launch initiative to end Iran-Iraq war

BY IAN RODGER IN TOKYO

JAPAN is attempting to launch a diplomatic initiative to bring *about an end to the Iran-Iraq* war. The Foreign Ministry revealed yesterday that Mr Tadashi Kuranari, the Foreign Minister, may visit Tehran later this month, and Baghdad late in the summer.

Japanese officials have been embarrassed by recent complaints from US congressmen that Japan, a leading purchaser of oil from the Gulf, is not contributing to efforts to maintain the safety of navigation in the area.

The Japanese have replied that almost the only way Japan can contribute is through diplomacy. The country's constitu*tion prohibits it from sending* military forces or equipment abroad. And they claim that Japan's diplomatic efforts could be substantial.

During 1983 and 1984 Japanese Foreign Ministry officials undertook a form of shuttle diplomacy between the two warring nations. However, this made little progress in bringing the sides closer.

They say that Japan is in the unique position of having equally friendly relations with both Iran and Iraq. "We are the *only country that has the* possibility of visiting both countries at the ministerial level," the Foreign Ministry *spokesman said yesterday*.

He said that discussions were underway aimed at arranging for Mr Kuranari to visit Tehran as soon as possible "to talk to them about bringing peace to the region." If the request for a *visit was accepted, and he* was "reasonably optimistic," then the minister might go to Tehran on his return from the Venice economic summit and a subsequent visit to Morocco next week. A visit to Iraq could not be made *until* late in the summer because Mr Kuranari will have to stay in Tokyo in July for a special session of the Diet (Parliament).

Meanwhile, Prime Minister Yasuhiro Nakasone said *in a* press conference for foreign journalists that he hoped to discuss possible solutions to the Iran-Iraq war at the summit of seven industrialised nations in Venice next week. He also said that Japan, a non-permanent member of the United Nations Security Council, would work with *other concil members* to find ways to bring the war to an end.

Mr Kakasone did not comment on reports in the Japanese press yesterday that Japan would consider providing finan*cial assistance* to the US *navy* operating in the Gulf.

## Sullivan urges South African disinvestment

By Jim Jones in Johannesburg

WHITE South Africa *responded critically yesterday* to the call by the US anti-apartheid campaigner, the Rev Leon Sullivan, for disinvestment and a total economic boycott of the Republic.

*Mr* Pik Botha, the Foreign Minister, said that the call was not in the interests of black workers, while Mr Harry Schwarz, the finance spokesman for the liberal Progressive Federal Party described it as irresponsible. Disinvestment and boycotts, he said, would encourage violent change.

Mr Sullivan, founder of a code of conduct for US companies operating in South Africa, urged companies to pull out of the country within nine months, saying that while the code had been a catalyst for change it had failed to end apartheid.

Mr Adrian Botha, the executive director of the American Chamber of Commerce, which had 179 Sullivan *Code signatories among* its members at the end of 1986, said yesterday that few *of* the American companies which remained in South Africa were likely to heed the divestment call.

*He pointed* to several recent shareholders votes in the US opposing disinvestment and said that programmes instituted under the Sullivan Code had done much to improve the quality of life *of black South* Africans.

In Cape Town Archbishop Desmond Tutu expressed his support for Mr Sullivan's divestment call, saying that he would continue to support divestment until there was a more effective non-violent way of bringing justice and peace to South Africa.

## Seoul, IMF fail to agree over currency

By Maggie Ford in Seoul

A DELEGATION of officials *from the International Monetary* Fund visiting Seoul to advise on the appropriate level of the South Korean currency has failed to reach agreement with the Government over its economic targets.

The Delegation is to prolong its stay in the hope that further progress can be made. South Korea consulted the Fund about the level of its currency following US complaints that the Won *remained at too low* a level against the dollar.

Government officials said yesterday that the basic disagreement related to the estimated size of the South Korean balance of payments surplus expected this year. A package of measures introduced earlier this year was designed to hold the *trade surplus with the* US this year to around $7bn, and officials are now predicting a general 1987 balance of payments surplus of around $5bn, slightly up on last year's $4.8bn.

Fund officials are reported however to be forecasting a surplus approaching $8bn. A Fund spokesman said that the underlying economic assumptions were being compared by both sides in an effort to put the forecasts on a firmer basis.

Reuter adds: More than 60 opposition members of parliament began a two-day hunger strike in the South Korean National Assembly yesterday after ruling party members walked out of a special session called to discuss the alleged torture of dissidents.

*Members* of the Reunification Democratic Party pased a resolution accusing the government party of still trying to cover-up the case of a student activist who died under police torture in January.

# Pakistan raises taxes

BY OUR FOREIGN STAFF

PAKISTAN yesterday announced substantial new taxes to pay for growing defence needs.

Mr Mohammed Yasin Khan Wattoo, the Finance Minister, presented his annual budget to parliament asking "the Pakistani nation for a great sacrifice." A Defence Tax will be levied in the *form of* a 10 per cent surcharge on income tax, super tax and wealth tax.

There will be higher *duties* on most petroleum products, electricity, natural gas, cigarettes, beverages and telephone charges.

The Rs 174.95bn ($10.11bn) budget for the year ending June 1988, proposed new taxes of about Rs 20bn.

"We will use these *resources* to strengthen national defence, make progress in every sphere of life, open new chapters *of* general welfare, (and) proceed to the goal of self-reliance," Mr Wattoo said.

The Federation of Pakistan Chambers of Commerce and Industry said the budget was "disappointing".

# US scales down hopes of Allied support in Gulf

BY LIONEL BARBER IN WASHINGTON AND ANDREW GOWERS, MIDDLE EAST EDITOR

THE US is scaling down hopes of western support for its expanding naval role in the strife-torn Gulf region.

President Reagan's request to US allies, particularly Britain, West Germany and Japan, is unlikely to go much beyond seeking political support, most obviously through a joint communique at the Venice summit.

One western diplomat in Washington said yesterday that a strong United Nations Security Council resolution condemning Iran in its war with Iraq was "a possibility." But western allies are anxious not to break their policy of neutrality in the war.

Britain had expected the US to make a formal request for aid early this week, but by noon yesterday no such approach had been made by the State Department.

On Tuesday, when Mr George Shultz, the Secretary of State, was asked if he foresaw the need for an expanded Western military presence in the Gulf, he replied: "Not necessarily, particularly so."

He went on to note: "Of course there is a British presence already. The French are also in and around the area, and they are always effective."

His remarks, and subsequent comments by other Administration officials, signal a pronounced lowering of the temperature since last week, when President Reagan was using colourful rhetoric in what appeared to be an effort to "bounce" the allies to raise their profile in the Gulf.

The development will come as a considerable relief to several of the countries attending the summit, who were worried about possibly coming under pressure to identify themselves with a US approach to the Gulf war which they believe may constitute a departure from its stated policy of neutrality.

The summit is now considered most likely to approve a joint statement calling for the maintenance of freedom of navigation in the Gulf. There are also reports that the US is also believed to be trying to muster support for a toughly-worded UN Security Council resolution on the Gulf war, which would call for negotiations between the belligerents and for a possible arms embargo on the country that refuses to take part in such talks. This would almost inevitably mean Iran, since it has consistently refused to negotiate an end to the conflict.

Meanwhile, Japan is preparing to send Mr Tadashi Kuranari, Foreign Minister, to Iran on the way back from the summit to discuss the issue of Gulf navigation among other topics.

# Reagan pressed on Soviet loans issue

By Nancy Dunne in Washington

PRESIDENT Reagan is under pressure from Mr Jack Kemp, candidate for the Republican presidential nomination, and other congressmen and senators to take the lead at the Venice summit in developing a joint policy on western bank loans to the Soviet Union.

As the White House party was departing from the summit, the President received a letter, written by Mr Kemp and signed by a bi-partisan group of members of congressional banking and foreignu affairs committees. It said that western banks last year made almost $4bn in loans to the Soviet Union, which were not tied to specific projects or loans transactions.

"These loans free up money that the Soviet Union can use to finance agression abroad and oppression and the military build-up at home," it said.

Mr Kemp plans to introduce legislation which would require US banks to list in their annual reports their untied loans to the eastern bloc. Another bill in the Senate, backed by Senator William Proxmire, chairman of the Banking Committee, and Senator Jake Garn, the former chairman, would give the President the power to block loans

Bob Gwynne analyses the Chilean government's economic strategy

# Austerity pays off for Pinochet

THE POLITICAL uncertainties created by General Augusto Pinochet's persistence in hanging on to power have tended to obscure Chile's relative success in coming to terms with the serious economic problems created by its $19bn foreign debt.

This has been largely due to the promotion of a wide range of business activity within a realistic macro-economic framework geared to increase exports and expand national savings.

The visible result of this was last year's 5.7 per cent growth in GDP, inflation held to 17.4 per cent and a trade surplus of $1.06bn. to service its debt. Chile needs to be able to generate an annual trade surplus of around $1bn.

The most significant feature of last year's trade surplus was the diversification of exports and a reduction in dependence on the traditional source of copper. Copper now accounts for only 41 per cent of total export earnings in spite of steadily expanding production. Instead, growth has come from such diverse products as grapes, apples, pears, frozen fish and shell fish, cellulose, fish meal, and even gear-boxes and trainer aircraft.

Four main points help explain Chile's relative success on the trade front:

● The oil import bill was cut by 27 per cent as a result of the fall in the international price of crude.

CHILE'S TRADE STATISTICS ($bn)

| | 1986 | 1985 | 1984 |
|---|---|---|---|
| Exports | 4.2 | 3.8 | 3.6 |
| Imports | 3.1 | 2.9 | 3.3 |
| Balance | 1.1 | 0.9 | 0.3 |
| Debt Service ratio %* | 39 | 43 | 39 |

* Debt service as a percentage of exports.

Source: CEAPA

● Import substitution of agricultural products accelerated so that wheat, vegetable oil and sugar imports were only 15 per cent of the level two years previously.

● The high growth in 1986 caused a 21 per cent rise in consumer imports, although the latter remain at a quarter of the level of 1981 when consumer goods imports effectively increased the national debt by $2bn.

● In line with domestic expansion, capital goods imports were up 19 per cent as well as crucial intermediate goods like inputs for the chemical and plastics industry, fertilisers, coke and steel. Preliminary figures for the current year show the trade gap diminishing but increased imports look like being balanced out by rises in export prices of copper and fish meal after five years of decline.

The government's vigorous espousal of debt-equity swap arangements have reduced the country's debt by almost $1.7bn so far. While increasing foreign investment in this way, the Government has also expanded domestic saving to reduce dependence upon foreign capital. Accordingly, the level of national private savings has increased from 3 per cent of GDP in 1984 to 8.1 per cent last year. Foreign financing during the same period dropped from 10.7 per cent to 7.2 per cent.

At the same time tight economic management has cut the public sector deficit to an estimated 1.7 per cent of GDP this year (against 4.4 per cent in 1984). A large-scale programme of privatisation is not only shifting the electricity, steel and telephone industries from the public to the private sector but also generating extra funds for the treasury. The Government deficit has been further reduced by the most efficient — and intrusive — tax collection system in Latin America.

The crucial issue now is how to sustain economic growth without a significant increase in imports. An undervalued peso against the dollar achieved export growth and high annual production increases of over 8 per cent in agriculture, fisheries and industries last year. Supermarkets, once full of foreign food and other basic products, now stock almost entirely Chilean products.

Although unemployment has begun to come down, it is still relatively high, reflecting the overall policy of austerity. Officially under 15 per cent of the workforce is unemployed with a further 5 per cent on make-work schemes

With investment increasing and demand only gradually expanding, the scene seems set for a steady growth in national income, provided that the trade surplus is maintained.

Chile, almost alone now, is genuinely following the rules of the game, laid down by the international agencies and banks; and arguably it is doing so in the most innovative way in Latin America.

As a result it can be said to be "solving" the debt problem by creating steady economic growth of 4-5 per cent a year within the constraints of large annual debt repayments—constraints which it appears to have acepted more willingly than its debtor neighbours on the continent.

Its long term approach avoids the short-term boom followed by recession that has characterised Brazil's Cruzado Plan. But Chile has been able to impose this unpopular austerity because of its military regime, while other Latin American governments are being subject to the constraints of nascent democracies.

*Bob Gwynne is lecturer in Latin American Studies at the University of Birmingham.*

# Accord on Quebec stirs fresh debate

By Robert Gibbens

THE LEGAL text of the Meech Lake Accord has now been agreed, but the debate on its merits is by no means over. The accord, which brings Quebec into the 1982 constitution, was signed on Wednesday by Prime Minister Brian Mulroney and the ten provincial premiers. Final approval will take three years.

Last minute intervention by former Liberal Prime Minister Pierre Trudeau, who has warned of the emergence of two separate Canada's, has promised to encourage a new public debate and possibly refinements of the accord's formula.

There are two main contentious issues:

● The formula now recognises French-speaking Canadians in Quebec and English speaking Canadians concentrated outside Quebec, but also the existence of the English speaking minority in Quebec and French speaking Canadians outside Quebec.

● Provinces not participating in shared-cost initial programmes must now meet "national standards" if they are to get reasonable financial compensation.

# North 'altered' White House memo on Contras

BY LIONEL BARBER IN

THE Iran-Contra select committee was expected to vote yesterday on whether to delay giving immunity to Lt Col North, amid further embarrassing revelations about the marine's role in the scandal.

The Wall Street Journal reported yesterday that Col North and his secretary Ms Fawn Hall had altered a White House memo in which he urged that President Reagan be briefed on private efforts to aid the Nicaraguan Contra rebels.

Since the Iran Contra scandal broke last November 25, President Reagan has denied that he knew that profits from the Iran arms sales were diverted to the Contras during a congressional ban on US aid. The question of the President's knowledge and involvement is central to the committee's inquiry.

The Journal report said that Col North withdrew the memo and three others from the National Security Council last November 21, just before the Justice Department launched an investigation into the affair

The original memo apparently suggests that Col North thought he was carrying out the President's wishes, but contains no evidence that the President ordered his aide to set up a private network to circumvent the congressional ban.

On Wednesday, Mr Lawrence Walsh, the independent counsel leading a criminal investigation, said that he did not believe that Col North deserved immunity. He said it would be "ideal" if immunity was denied but he would settle for a delay.

The committee however is unlikely to deny immunity — which allows a witness to testify without his evidence being used against him. But they may concede a short delay to give Mr Walsh more time to prepare his criminal case against Col North.

# World Bank remains at loggerheads with Peru

BY ROBERT GRAHAM

PERU and the World Bank are at loggerheads over the economic policies being pursued by President Alan Garcia, with the Bank refusing to disburse loans worth up to $450m.

The World Bank halted disbursements to Peru a month ago but since then the two sides have shown no sign of being able to overcome their respective differences. The International Monetary Fund has already broken with Peru and there have been no substantive talks between Peru and international creditor banks since last October.

The outcome of this dispute will be watched keenly by Peru's international creditors. Since July 1985 Peru has been limiting service on its $13.7bn debt to 10 per cent of exports, but has maintained payments up-to-date with selective creditors considered vital for assisting economic development. Principal among these has been the World Bank which is funding some $1bn worth of projects in the country.

In April the Peruvian Government suspended interest payments after complaints tha he World Bank was witholding funds due and because there threatened to be a negative flow of funds to the Bank as a result of debt service.

# Argentine congress passes divorce law

BY TIM COONE IN BUENOS AIRES

"WHAT was all the shouting about?" seems to be the most immediate question. After one of the Argentine Congress' most hurried debates in history 40 minutes in total, divorce became legal in Argentina on Wednesday night with barely a whimper of protest.

The divorce issue has been a running debate in Argentina since the turn of the century. During the government of General Peron in the 1950s a short-lived law enabled some 900 couples to get divorced, but following a military coup in 1955 the Catholic church re-established its moral authority and the law was repealed.

The government of President Paul Alfonsin introduced the present bill in Congress last year. The bill has been shoved back and forth between commissions, the Upper and Lower Houses of the Congress, and subjected to endless delaying tactics by Conservative opponents, the latest of which was to postpone the final debate until after the Pope's visit to Argentina last April.

The conservative church hierarchy and its Congressional allies hoped that Pope John Paul II's admonitions against divorce would prick the consciences of the bill's supporters, and would sway their votes against an overwhelming public opinion in favour of divorce. The rapid passage of the bill on Wednesday night clearly dashed those hopes, and is one of the most telling indicators of a weakening of the conservative wing of the Catholic church and its influence in Argentina.

Couples can now be divorced by mutual consent after three years of marriage, or separated after two, where it can be shown that continued matrimonial life together has become "morally impossible." After three years of legal separation, either partner can petition independantly for divorce.

Many had already taken the law into their own hands. According to a 1980 College of Sociology Graduates study, 1.4m Argentinians live as unmarried couples out of a total population of some 21m people over the age of 16. A further 460,000 are separated. The most celebrated and publicly-known separation was that of President Alfonsin himself who lived apart from his wife, until a reunion was effected before the 1983 electorol campaign.

# Japan tries to curb exports of VCRs

By Carla Rapoport in Tokyo

JAPAN is attempting to curb rising exports of video-cassette recorders to the US in order to reduce trade friction between the two countries.

The proposals, which are being flatly rejected by industry leaders, call for leading VCR manufacturers to increase production in the US and thus reduce exports from Japan. VCR exports to the US have risen steadily in unit terms over the past 10 years, with the US now accounting for 65 per cent of Japanese exports.

Although the value of these exports declined last year, they still account for more than $5.4bn of Japan's total exports to the US, the largest single export category after cars.

An industrial council, formed by the Ministry for International Trade and Industry to study this issue, is expected to make recommendations in the next few days. The council, composed of industry, government and consumers, has told leading VCR makers it intends to recommend a rapid shift of production to the US.

The ministry's recommendations are almost always heeded in Japan, even if the result is painful or expensive. This time, however, electronics companies are digging in their heels. They say the issue cannot be one of trade friction because the US does not have any VCR makers. The row between US and Japan on semiconductors, for example, was prompted by aggrieved US semiconductor makers which said they were being harmed by aggressive Japanese chip makers.

The electronic companies say VCRs made in the US would be more expensive than those exported from Japan because most of the VCR components are unavailable in the US and must be imported.

Some manufacturers said yesterday the move was aimed to create propaganda for the Japanese government, which is under heavy pressure from the US to reduce its trade surplus.

Meanwhile Mr Yasuhiro Nakasone, the Japanese Prime Minister, said yesterday that a consortium in which Cable and Wireless of the UK has a leading role, would get a "fair and transparent" hearing if it applied for a licence to operate an international telecommunications service in Japan.

# EC begins talks on closer links with Hungary

BY WILLIAM DAWKINS

THE EUROPEAN Community and Comecon, the Soviet-dominated state trading bloc, took a step towards closer trade ties yesterday when Hungary opened two days of talks with the European Commission.

The negotiations in Brussels were between Mr Ibor Antalpeter, director-general in the Hungarian Ministry of Commerce and Mr Pablo Benavides, director for EC relations with state trading countries. Last month, the Commission began talks on trade and co-operation with Romania and is expected to start similar discussions soon with Czechoslovakia.

Hungary's move is believed to have influenced both Romania and Czechoslovakia, which had been dragging their feet after making earlier trade overtures to the EC. Hungary is the Comecon member keenest to strike a bilateral deal with the EC but it has been holding out, since an informal approach in 1982, for the toughest conditions.

Yesterday's move is in line with the EC policy of pursuing bilateral arrangements with individual Comecon members more eagerly than with Comecon as a whole. The details of yesterday's discussion were not disclosed, though it is believed to have centred on what Hungary might be able to offer the EC in return for greater access to the Community for its own goods.

In the past, Hungarian officials have argued for an end to EC import quotas for a range of industrial products on the grounds that these contravene its rights as a member of the General Agreement on Tariffs and Trade. The Commission's reply has been that despite its economic reforms, Hungarian trade is run by the state, so that quotas are legitimate.

The Community imported Ecu 1.9bn (£1.3bn) of Hungarian goods, mostly agricultural products and manufactured articles, last year. It exported to Hungary Ecu 2.45bn of products, mostly machinery, transport equipment and other manufactured goods.

Hungary's market is small by EC standards, but it is the only East European member of Comecon not to manufacture cars.

# Eximbank boost for Third World trade

BY NANCY DUNNE IN WASHINGTON

THE US export-import bank and Japan's export-import bank are joining forces to provide new trade financing to spur growth in Third World debtor nations.

The venture marks a new and potentially significant assault on the debt problem, while at the same time promising to open up opportunities for US exporters.

Mr John Bohn Jr, chairman of Eximbank, recently met officials from Jexim and Japan's Overseas Economic Co-operation Fund to discuss dispersal plans for the estimated $3bn of untied aid Japan intends to make available as part of its $20-40bn recycling package.

Mr Bohn last week proposed providing Eximbank money for trade support facilities in the debtor nations to assist in the growth objectives of the Baker plan. He said the US might consider long-term loans of 25-30 years for the purchase of American goods, working co-operatively with World Bank adjustment lending.

The US said it would limit long-term lending in a 1982 agreement with the other industrialised nations when they all agreed to align their interest rates on export financing with market rates. However, Mr Bohn said he hoped to get other members of the Organisation of Economic Co-operation and Development to participate with Japan and the US in a scheme to increase lending to debtor nations.

He said he believed the US, which lost business through the debt crisis, would gain the most from a boost in Latin American development.

Although the US lending facilities will be tied to the purchase of American goods, the Japanese funding will be untied, said Mr Bohn, because "a trade surplus country has no justification for tying its financing."

In recent years, as the US trade deficit ballooned, Eximbank fell on hard times. Losses began to accumulate, and the agency has failed to lend even the reduced amount of money made available under skimpier Congressional authorisations.

Mr Bohn, however, has undertaken a comprehensive overhaul of the bank's programmes in an attempt to meet changing conditions of world trade. Since May 1, Eximbank has been willing to for the first time to partially finance sales of US products with 50 per cent of US content.

# Battle hots up for Turkish power plant deal

BY PAUL BETTS IN PARIS

THE BATTLE between leading European, American and Japanese engineering groups to win the first of a series of coal-fired power station projects in Turkey is reaching a critical phase.

The Turkish authorities will soon select a first and possibly a second coal-fired power station project each worth about $1bn. The contracts involve an original formula whereby the winning consortium would build the plant, operate it for 15 years, and then transfer ownership to the Turkish electricity board.

Turkey launched the power station programme in 1984 with the aim of ordering five power stations. However, it is thought unlikely Turkey will now go ahead with the full scheme but will pick one or two projects putting the other three on the backburner.

For this reason, the five consortiums which have submitted schemes are anxious to be chosen for the first project. The frontrunners are understood to be a consortium of the French Alsthom engineering group with Ansaldo and GIE of Italy and one of Bechtel and Combustion Engineering of the US, with KWU of West Germany.

The Franco-Italian project involves a 1050 MW power plant scheme at Aliaga north of Izmir, while the Bechtel project involves a 960 MW plant at Tekirdag on the Sea of Marmara. Both have put together solid financial packages backed by their respective government export credit agencies.

The other three schemes include a consortium grouping Brown Boveri of Switzerland, ESB of Ireland and Babcock-Wilcox of the US with a proposed 1200 MW plant at Marmara; a consortium involving Seapac of Australia with Chiyoda of Japan and Westinghouse of the US proposing to build a 1400 MW plant in the Iskenderun region; and a consortium grouping EPDC and Mitsubishi of Japan with a project for a 1000 MW plant at Izmir.

The selection stakes are high not only because of the doubts over the remaining plants but also because it could open up other power plants markets using the build, operate, transfer formula. Indonesia and Malaysia have shown interest in the formula.

# Europeans resist US plea for action on farm surpluses

## William Dullforce on the tough food trade issue facing the Venice summit

SHERPAS, the senior officials preparing for next week's Venice summit, have had difficulty agreeing the political impetus their masters should impart to the talks in Geneva on the reform of world agricultural trade.

The leaders of the seven principal industrial countries—the US, West Germany, Britain, France, Italy, Japan and Canada—will reaffirm their political commitment to liberalising world trade in the Uruguay round of the General Agreement on Tariffs and Trade.

However, the US has been seeking to capitalise on the agreement on agricultural reform reached last month by ministers in the Organisation for Economic Co-operation and Development to obtain a summit call for quick results in the farm talks which have become the centrepiece of the Gatt round.

Emphasising the urgency of the problem, as both government farm support spending and the grain, meat and dairy surpluses reach record-breaking levels, the Reagan Administration has been urging the need for action to curb subsidies by the end of 1988. Washington has backing for this from a group of 14 self-styled "free farm-trading countries" led by Australia which will not be at the summit.

A commitment to early action from the summit is being resisted by the West Germans, the French and the Italians who argue that the OECD ministerial statement on agriculture has already gone further than expected.

They point out that Mr Clayton Yeutter, the US Trade Representative, described the OECD statement on agriculture as the most comprehensive and forward-looking he had ever seen from an international forum.

Top-level political endorsement of the principles spelt out by the OECD, allowing some flexibility on the GATT timetable and on the means of achieving the objectives, will be enough, the Europeans are insisting. The Community also argues that progress must be even in all trade issues under negotiation in the GATT round.

In the farm talks the EC says priority should go to eliminating the huge stocks of farm produce. This approach is seen by the US and its farming allies as foot-dragging on the essential subsidy issue.

In fact movement on agriculture has accelerated perceptibly since their declaration at last year's Tokyo summit when the seven surprised the world by recognising the global farm surplus problem, its harmful effect on the economies of developing countries and its role in stimulating trade protection.

Since then a compromise on agriculture among trade ministers at Punta del Este opened the way for the launching of the Uruguay round and brought farm trade for the first time within Gatt's negotiating scope.

At the Paris meeting the OECD secretariat's approach to agricultural reform, including the principle that farmers must be exposed to market forces, was largely accepted by 24 countries.

Negotiators in Geneva, however, are looking to Venice for the addition of some political weight to the OECD's essentially advisory declaration. "It matters if Chancellor Kohl commits his Government to what Minister Bangemann agreed in Paris," a senior Gatt official said.

Compromise on the wording of the trade declaration will not necessarily weaken its impact in Geneva, although it may not give Mr Yeutter as solid an argument as he would have liked in persuading Senators and Congressmen to pass a non-protectionist trade bill this summer.

Instead of calling for quick results on agriculture the heads of government may simply state that they expect to review progress at their next summit. This would ensure continuity in top-level political pressure and put the onus on negotiators to produce something substantial by next year.

It has also been suggested that the summit declaration could incorporate the standstill and rollback commitment by governments included in the section on agriculture in the OECD communique.

Under these commitments the seven would take no action to stimulate output in surplus farm products or to isolate their domestic markets further from international competition. They would also "refrain from confrontational and destabilising trade practices."

Gatt officials would like to see some such commitment emerging from Venice because it would offer reassurance to developing countries which are sceptical about the Uruguay round and whose disenchantment could delay progress on several important non-farm issues.

# Taiwan cuts more tariffs to head off row with US

By Peter Montagnon, World Trade Editor

THE TAIWANESE cabinet yesterday approved a further round of tariff cuts affecting imports of 331 separate items in an attempt to reduce its growing trade surplus with the US.

A government statement in Taipei said the tariff cuts, averaging 32 per cent, would affect a range of products including some, such as household appliances, for which Taiwan has a strong export record.

The move is the latest in a series of tariff-cutting programmes which have already affected more than 2,500 products this year.

Taiwan ran a trade surplus of $13.6bn with the US last year and embarked on measures to open its markets to foreign goods in an effort to deflect protectionist pressure from Washington.

None the less its bilateral trade surplus with the US has been growing this year and has been officially forecast to reach $18bn, while foreign exchange reserves are now approaching $60bn.

The government is expected next month to liberalise exchange controls in order to encourage an outflow of capital which would reduce its reserves and reverse an inflationary build-up of liquidity in the domestic economy.

Coupled with the tariff cutting meaures, it hopes that this will suffice to deflect pressure from abroad for a faster revaluation of its currency which now stands at around NT$31.3 per unit of US currency. Further appreciation could hit exporters hard.

The latest tariff cuts come into effect on June 15. They also cover paper, printing machines, agricultural produce, marine products, scrap iron, old ships and petrochemical products. Taiwan's trade surplus with the rest of the world rose to $5.77bn in the first four months of this year compared with $4.25bn in the same period of 1986.

# Investment in industry due to rise by 4%

BY RALPH ATKINS

THE VOLUME of investment in Britain's manufacturing industries will rise by 4 per cent this year according to an official survey published yesterday.

The Department of Trade and Industry's survey of investment intentions shows manufacturing companies are more optimistic than in December when an increase of only 2 per cent was predicted.

But the rise will be insufficient to offset a 4.7 per cent fall in 1986, and manufacturing investment in real terms will remain significantly below its 1979 level.

The overall picture is more optimistic: investment by industry, including construction, distribution and some service companies, should increase by 8 per cent.

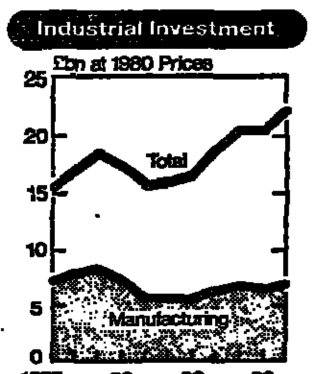
The rise in manufacturing investment reflects improvements in output growth during the past year and rising corporate profitability.

A Confederation of British Industry survey of industrial trends, published in April, showed companies increasing output significantly in the first four months of 1987 and business optimism growing.

The department's survey will give ammunition to the Conservative Party which can point to improvements in business confidence and the prediction that total investment by industry will rise to a record level.

The opposition parties, however, will stress that the rise in manufacturing investment is only modest and that, since 1979, the trend has been flat, if not in decline.

A significant increase in investment would help ease what some economists see as possible capacity constraints in manufacturing industry following recent sharp increases in output.




However, it would have an initial adverse impact on the balance of payments because of the high import content of plant and machinery bought by industry.

Among manufacturing industries, the largest increases in investment are expected in the metals, minerals and electrical engineering industries. A large increase is also expected in the retail and catering trades.

Manufacturer's direct investment is expected to rise by 6 per cent, while spending on assets leased to manufacturers from the financial sector is expected to fall by about 13 per cent.

The rise in total investment by industry follows a small fall in 1986 from a peak in 1985. The department expects total investment in 1988 to grow at about the same rate as in 1987.

Manufacturing investment fell sharply in the early 1980's after a peak in 1979. This was followed by a rise from 1983, but the figures have been distorted in the past few years by the decision to phase out capital allowances, announced in the 1984 Budget.

# Revised invisible trade earnings lower current account deficit

BY JANET BUSH

BRITAIN RAN a much smaller current account deficit last year than previously estimated, according to the latest quarterly government figures which contain substantial revisions of earnings from invisible trade.

The Central Statistical Office (CSO) now estimates the current account showed a deficit of only £120m in 1986 compared with £1.1bn previously reported.

This latest revision more than reverses the substantial adjustment made at the beginning of March when the CSO changed its estimate for the current balance last year to the £1.1bn deficit from the £360m shortfall it had reported at the end of February.

After all these revisions, the latest estimate of £120m is close to the CSO's original estimate made in January of a £181m deficit.

The CSO said the latest large downward revision was partly due to an under-estimate of earnings from direct investment overseas and an over-estimate of the remittance abroad of earnings by foreign companies with British subsidiaries.

The fact that the current account now appears to have been almost in balance last year lends support to the view that the Treasury's Budget forecast of a £2.5bn current account shortfall this year could be too pessimistic.

The Bank of England said in its latest quarterly bulletin it expected the current account deficit this year to be nearer £1.5bn.

Yesterday's revisions to last year's data were almost entirely on the invisible account, with the CSO's latest figures for visible trade virtually unchanged from previous estimates.

There has been some improvement in Britain's trade performance since late 1986 as industry has responded encouragingly to the sharp depreciation in sterling last year, with both domestic and export order books reported to be at their best levels for some time.

Most main forecasts, however, continue to look for an overall deficit this year, as export performance slackens off and imports rise, partly in response to higher consumption in Britain expected later this year.

The current account was in surplus by £667m in the period from January to March this year, compared with a deficit of £585m in the October to December period, according to yesterday's figures.

Within this, there was a deficit on visible trade of £1.1bn compared with the £2.6bn shortfall in the final three months of last year and a projected £1.8bn surplus on invisible trade, slightly lower than the £2bn surplus reported in the final quarter of last year.

However, the CSO warned its projections for invisible earnings, particularly for the most recent quarters, are liable to substantial revisions.

# Stock Exchange chairman adds to criticism of regulatory costs

BY CLIVE WOLMAN

SIR NICHOLAS GOODISON, chairman of the London Stock Exchange, yesterday added to the criticisms of the costs of the new City regulatory system which is now being brought into effect under the Financial Services Act.

Speaking at a conference in London of the Institute of Economic Affairs, Sir Nicholas said: "There will unfortunately be those who will promote the cause of regulation for regulation's sake rather than looking at the practical reality of the market place.

"The risk is that the market becomes over-regulated and the cost of the supervision becomes so high that practitioners no longer want to stay in the market."

Four hidden costs of regulation should be identified, Sir Nicholas said. These were the costs of employing lawyers and other advisers to comply with the rules, the costs of holding additional capital as required, the costs of more detailed record-keeping and the costs of training employees and ensuring that they come to terms with the new rules.

He said that a recent survey showed that international firms were not particularly attracted to London by its high regulatory standards. But he hoped that London's financial expertise and its liquid markets would continue to attract foreigners.

Ms Kate Mortimer, policy director of the Securities and Investments Board, challenged the critics of the costs of the new regulatory system, in particular Professor Charles Goodhart of the London School of Economics. She said that, far from being an overpowering bureaucracy, the SIB was understaffed in several areas.

Benefits such as improvements in the financial controls of investment firms and greater client confidence would offset the costs of regulation, she said..

# Taking cordless telephones to masses

By Terry Dodsworth, Industrial Editor

A NEW cordless telephone system is likely to be launched in the UK before the end of this year. It could eventually bring the use of portable telephones into the mass market.

Plans for the introduction of the digital technology, code-named CT2, have moved a step closer in the last few days with the distribution of technical specifications for the system by the Department of Trade and Industry.

They follow lengthy discussions between telecommunications manufacturers and the department. The department has been concerned to introduce the system in a way that would maximise the opportunities of UK producers anxious to make the digital handsets.

The initial objective is to improve on the capacity and quality of the present analogue system.

Over the longer term, however, some industry executives believe that the digital technology could be employed to provide subscribers with very small portable telephones that could be used at specially provided "telepoints" established in public places.

Users would be able to key into the public telephone network at these centres, which would contain special reception devices to pick up the radio waves from the cordless phones. The aim of the industry is to produce handsets that could be carried around in a pocket. Initially they would cost around £200 – a price which would be likely to come down rapidly as volume increased.

According to Whitehall officials, the introduction of the digital system should be possible this autumn, unless there is a change of government policy following the general election.

No major legislative changes are anticipated, and it is not expected that the European Community will put up serious objections to the change over from analogue methods.

Several telecommunications producers, including the new Orbitel joint venture formed by Plessey and Racal, are now gearing up to produce the new cordless handsets. Orbitel says that it is hoping to be able to demonstrate a product by October.

Over the last two years the cordless market has grown rapidly in the UK, with estimates of the number of handsets in use varying between 350,000 and 700,000. The increasing volume of activity, however, has caused the system to run into capacity constraints in some areas, producing excessive interference and poor quality reception.

# Civil servants vote for national strike during election week

BY CLIVE WOLMAN

A TWO-DAY national strike in the week of the general election has been approved by 242,000 civil servants as part of their campaign of disruption over pay and conditions.

Members of the Society of Civil and Public Servants and the Civil and Public Services Association balloted in favour of the action by a majority of 57.5 per cent on a 50.3 per cent turnout.

The majority, for a national strike on June 8 and 9 and a series of two-day regional stoppages over the following three weeks, was slightly down on the 62 per cent backing given in March to the civil servants' initial six-week programme of disruption.

Among the main effects of the two-day action on June 8 and 9 will be disruption at ports and a delay to social security cheques sent out from computer centres at Reading, Berkshire and Livingston, East Lothian. It is not expected to affect preparations for the election.

The result was described yesterday as "astoundingly good" by Mr John Ellis, CPSA general secretary. He said it showed the depth of civil servants' continuing resentment at the Treasury's pay offer, costed at 4.6 per cent.

Mr Leslie Christie, SCPS general secretary, said he was gratified at the result and he did not accept the view that a public sector strike in general election week would harm Labour's chances at the polls.

He said that Labour had shown it cared about improving standards of public service. If the party argued the case for the action positively it would not suffer any electoral damage.

The third union involved in the original rolling campaign of disruption, which has been augmented by selective all-out strikes of customs officers and computer staff, was the Northern Ireland Public Service Alliance.

Mr Christie said that Nipsa's ballot had produced a 53 per cent majority against more action, but it had agreed to lend financial support to the others and would ballot its members again if further disruption was called for.

There was a 62.5 per cent turnout in the CPSA ballot, of which 49,077 (56 per cent) voted in favour of action and 38,507 (44 per cent) voted against. In the SCPS ballot, 34,038 (41.5 per cent) voted; 20,912 (61.4 per cent) were in favour and 13,126 (38.6 per cent) were against.

The shift in political control of the CPSA's executive committee to supporters of the Marxist Militant Tendency led to argument at the first committee meeting yesterday when the six centre-right members walked out after a disagreement.

# Unisys boosted by £60m TSB order

BY TERRY DODSWORTH

TSB banking group is planning to spend up to £180m on a computer system that will give it one of the most automated operations in the British financial services industry.

An initial contract has already been agreed with Unisys, the US-based computer company, on capital spending that is likely to amount to about £60m over three years.

But the total deal could be worth three times that amount when the cost of communications networks, supporting hardware systems, implementation and training is included.

TSB already has one of the most heavily computerised banking operations in Britain, with its counter staff able to deal with customer transactions through terminals on their own desks. Most UK banks do not have this facility, although building societies have moved to computerised counter operations.

The new programme will take this automation process a step further by computerising the support operations in the back office, where transactions are still handled in paper.

TSB refused to give details of these plans yesterday, but it said that the system would allow it to maintain its "technological lead with one of the most advanced retail banking systems in the world."

The deal will give a significant boost to the finances of Unisys, formed last year by the merger of the Burroughs and Sperry computer groups. The company's annual UK sales are at present £300m, so the initial £60m contract will amount to around 7 per cent of current revenue.

The computer group started with an advantage at TSB because its current data processing system is based on Sperry mainframe computers and Burroughs counter terminals. It is likely that new terminals introduced in the back office systems will also be supplied by Burroughs, a specialist in this field, most probably the B28 and B38 multifunction workstations.

TSB said yesterday that it did not expect any redundancies at its 1,600 branch offices as a result of the modernisation programme. "Earlier this year we announced that we needed 700 extra staff because of our business growth, so we are unlikely to want to reduce numbers now," a spokesman said.

TSB was floated on the London Stock Exchange last year.

# UK NEWS

## Leyland Bus signs deal with German gears group

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FIVE MONTHS after being sold back to the private sector, Leyland Bus yesterday signed a collaborative venture with Zahnradfabrik Friedrichshaven (ZF), the West German group which is one of the world's largest specialist manufacturers of transmissions and steering gear.

The deal means an end to the last vestiges of UK-owned commercial vehicle transmission design and development capability.

In future Leyland Bus will manufacture components for ZF transmissions and, in return, offer the West German group's Ecomat automatic gearbox as the standard fitment across the Leyland heavy-duty bus range and as an option on its coach range.

Leyland's own Hyrdacyclic transmission will continue to be offered for customers who specifically ask for it but the company will not develop a replacement.

Leyland was previously part of the state-owned Rover Group which last year sold its other commercial vehicle transmission subsidiary, Self-changing Gears, to Cummins of the US. Leyland Trucks, recently sold to Daf of the Netherlands, does no in-house transmission manufacturing.

Rover still owns the small organisation which is developing an experimental continuously variable transmission (cvt) for trucks and buses but the future of that project *remains cloudy*.

Mr Ian McKinnon, chairman and chief executive of Leyland Bus, pointed out yesterday that his company, bought from Rover in a management-led buy-out for £5m and which has 1,700 employees, was not large enough to be able to continue developing its own transmissions.

The arrangement with ZF enabled Leyland to tap the West German group's advanced technology while protecting the 100 jobs currently involved in transmission production at the Farington plant at Leyland, in the north of England.

Once volumes reach a predetermined level, Leyland Bus will also assemble the Ecomat transmission at Farington and begin to pay a license fee.

The 12-year deal will enable ZF almost immediately to increase by 50 per cent the value of components it buys from the UK, currently worth between DM 5m and DM 7m (£1.72m-£2.4m).

Mr Willi Schacher, chief executive director of ZF's transmission division, pointed out that not only would it spread his company's currency exchange risks, it would also increase trade between the two companies whose links go back 20 years.

## Survival package for newspaper

BY RAYMOND SNODDY

STAFF of the financially troubled News on Sunday newspaper were yesterday asked for substantial savings in both costs and jobs as a condition of its survival.

Management believe cost savings of about 55 per cent and job cuts of about 45 per cent are now needed on the left-of-centre newspaper launched in April.

These are designed to reduce weekly losses to £40,000 or £2m a year in the short-term and constitutes part of a new business plan being finalised.

The paper has a circulation of about 220,000 and is losing around £130,000 a week, approaching £7m on an annual basis.

The business plan would involve the injection of £8m by a consortium of new and existing shareholders led by Mr Owen Oyston, the Labour-voting millionaire. It will be put to a board meeting next Tuesday.

The company can meet its immediate debts, but unless substantial savings and job cuts are agreed in principle a liquidator is likely to be appointed.

● Mr Eddie Shah, founder of Today newspaper, has given up the Chairmanship, but will remain a director of its holding company News (UK).

## Koreans plan new sports car plant

By John Griffiths

A NEW factory to produce a projected 5,000-plus light four-wheel-drive vehicles and sports cars annually is planned for the UK by Panther Car Company following its takeover by Ssangyong, South Korea's seventh largest industrial group.

The acquisition by Ssangyong – for an undisclosed sum – of an 80 per cent stake in the specialist sports car maker, based in Surrey, south-east England, was disclosed by Mr Young Chull Kim, Panther's chairman and chief executive.

Panther has been Korean-owned since 1980, when it was rescued from the receiver by Mr Kim and his family company, Jindo Industries. Mr Kim retains his personal 20 per cent stake and his role as chief executive.

Ssangyong already owns Dong-A-Motor, South Korea's fourth-ranked vehicle producer, which makes about 10,000 utility vehicles, buses and other vehicles a year – but as yet, no cars.

In October Dong-A is to launch a new four-wheel-drive leisure and utility vehicle. It is intended that bodyshells and other minor components of these vehicles will be shipped to the UK for completion with European components and subsequent sale in both Europe and North America. Sales of 2,500 units a year are envisaged for the US and 1,500 for Europe, said Mr Kim.

Panther's existing production of about 350 units annually of the Kallista, a sports car reminiscent of 1930s models, is also intended to be integrated into the new plant.

The same applies to the Solo, a futuristic four-wheel-drive, mid-engined sports car intended to compete in the Lotus/Porsche type sector, and which is to be launched at the Frankfurt motor show later this year. Annual output of 600 is envisaged.

As part of the takeover, Panther is also to provide engineering services to Dong-A. This could be particularly useful for Dong-A in preparation for the lifting by the South Korean Government in 1989 of controls on the number of companies allowed to produce cars in South Korea.

Currently only Hyundai, Daewoo and Kia Industries are allowed to produce cars as a result of an over-ambitious expansion programme at the end of the 1970s which left all three as loss-makers. Since then, however, the Korean motor industry has taken off to become the world's most expansionist in percentage terms, albeit from a small base.

Mr Kim said discussions between cash-starved Panther and Ssangyong had been going on for almost a year. They followed the acceptance by Mr Kim that his main ambition, to bring the Solo into production, faced continual postponement without the kind of substantial cash injection now provided by Ssangyong.

The UK-designed Solo was first unveiled as a prototype at the 1984 UK motor show, and met a rapturous reception from the motoring press and public alike. Its final development is now being undertaken by March Engineering, the prestigious British motor racing and design consultance organisation.

## French senate vote backs Eurotunnel

By Andrew Taylor

EUROTUNNEL, the Anglo-French Channel Tunnel consortium, yesterday announced that legislation enabling the French Government to ratify the Channel Tunnel treaty and concession had been unanimously approved by the French senate.

Mr Alastair Morton, Eurotunnel's British co-chairman said he hoped the announcement would be followed by the ratification and Royal Assent of the Channel Tunnel Bill by the British Parliament in July.

This timetable is likely to be met if the Conservatives win next week's general election.

Mr Morton said yesterday: "Step after step, the preparations for this great undertaking are going into place."

The consortium has received several pieces of cheering news in the past few weeks. Last month it concluded agreements with BR and SNCF, the British and French railways, over the charges they will pay for using the tunnel.

It also announced that the European Investment Bank had agreed a £1bn loan facility, this will form part of a £5bn loan and standby credit agreement the consortium is close to concluding with international banks.

Eurotunnel plans to raise a further £750m in an international share offer this autumn.

## UK NEWS

# Guinness move to Scotland 'unlikely'

By James Buxton

SIR NORMAN Macfarlane, chairman of Guinness, has indicated that Guinness is unlikely to fulfil its pledge made during the takeover battle for Distillers to move its headquarters to Scotland.

The board had yet to decide on the matter, Sir Norman said. But he made clear that the company felt that it would be financially disadvantageous to move its headquarters from London.

Sir Norman, who is a Scot, said in an interview with the business magazine Scottish Business Insider: "My particular problem is that I have to make sure that, despite my strong nationalistic interests, I don't precipitate the board into doing something which is not in the best interests of the company.

"Not surprisingly there is a virulently anti-Guinness feeling in Scotland, but there is also a considerable anti-Scottish feeling within Guinness.

"A lot of people come to tell me why the headquarters should be in Scotland, but many more people tell me why it should stay in London, and I have to bear in mind that only 7 per cent of the shareholding is held in Scotland.

"I'm on a hiding to nothing and I've resigned myself to taking a thrashing. There will be a lot of emotional and political criticism if the decision is not to bring the headquarters to Scotland. But we will feel it financially if the decision is the other way round."

In March 1986, during the takeover battle between Guinness and Argyll for Distillers, Mr Ernest Saunders, then chief executive of Guinness, stated in an offer document that, if the takeover of Distillers went through, Guinness would move its headquarters to Edinburgh.

Sir Norman, who took over from Mr Saunders as chairman in January, said that Scotland was likely to benefit strongly from the building up of the United Distillers Group, which Guinness is forming by amalgamating Distillers and Arthur Bell, which it acquired in 1985. United Distillers is to be based at the former Distillers headquarters in Edinburgh.

GROWING TREND HAS SEEN 6 GROUPS CHANGE HANDS

# Machine tool industry rejigged to tackle growing competition

BY NICK GARNETT

PARTS of the British machine tool industry have changed hands in recent months in what amounts to a mini reshuffle in ownership.

At least six companies have new owners in a trend that involves management buy-outs and the withdrawal from the sector of one of the largest and long-established names in machine tool building. More big names are likely to follow.

There are also signs that some US companies are retrenching production back into the US where domestic manufacturers have been gutted by Japanese imports.

The UK's machine tool sector is the world's eighth-largest, with 3.2 per cent of world production based on sales revenue measured in US dollars.

Sales of UK businesses over the past year have involved big British names such as Staveley Industries and the 600 Group, and US companies including Textron, White Consolidated and Ex-Cell-O.

One of the most significant changes in ownership was the sale at the beginning of the year of Lapointe by Staveley to Marbaix, the machine tool importer and manufacturer based west of London.

This marks the removal of Staveley from machine tool building. In the 1960s Staveley was one of the biggest names in the industry and was actually extending its empire, which included names such as Cravens, Kearns-Richards, Archdale and Asquith.

Gradually these businesses have been disposed of, some back in the 1970s. Since 1980 both Kearns-Richards, which makes large horizontal borers and milling machines in Altrincham, near Manchester, and Asquith, a low-volume builder of large machines in Halifax, Yorkshire, have been sold to their managements.

With the disposal of Lapointe in Watford, north of London, Staveley has severed its last link with the direct manufacture of machine tools.

The Staveley group, whose interests now include contracting, minerals and measuring equipment, still owns Shifnal Jig and Tool in Shropshire, west Midlands, but this only makes components and fixtures.

Lapointe is one of the world leaders of broaching machinery, which removes metal in irregular shapes, mainly for the car and aerospace industries, and has a good order book.

Marbaix sees this as fitting in well with its own activities. These include the manufacture of spine rolling machines for the car industry and grinding equipment for constant velocity joints.

Ex-Cell-O and Bridgeport have both been the subject of management buy-outs. Ex-Cello-O, a wide-ranging American manufacturing group, was purchased by Textron of the US last year for £690m, and Ex-Cell-O's European machine tool activities have recently been sold off to a West German-led management team with some British involvement.

> 'Some US companies are retrenching having been gutted by Japanese imports'

This sale included Ex-Cell-O's Midlands plant which manufactures transfer machinery for the automotive and aerospace industries.

Bridgeport, literally next door, was the subject of a management buy-out last year from its parent, Textron. This was led by Bridgeport managers in the US, but it also includes Mr Arthur Aldridge, managing director of the Midland operation, which makes machining centres and milling machines.

Bridgeport has yearly sales of £50m and claims to have the largest turnover of any single British-based machine tool business.

PGM Ballscrews, part of the Irish Silver Mines group, has just purchased W.E. Sykes from the 600 Group. Sykes is the UK's sole remaining manufacturer of gear-shaping machines.

Unlike Staveley – which says it was happy to retain Lapointe but received a good offer for it – the 600 Group would have shut Sykes.

PGM will continue to make Sykes machines and has moved production to one of the Silver Mines factories at Feltham, near London.

The sale of Sykes sparked off speculation that the old machine tool order in the UK was about to disappear. TI's new management, for example, has hinted that eventually its machine tool business (which includes Matrix machining centres and Churchill lathes and could be under increasing pressure from Yamazaki's new production site in the Midlands) will be sold.

TI seems determined to try to make a 10 per cent return on its activities and machine tools might not fit in with that philosophy.

This would be in stark contrast with the largely family-owned West German machine tool sector which made very low returns and, in some cases, losses during the early 1980s (in many individual cases it still generates low returns), but which has remained virtually intact with 17.7 per cent of world sales.

However, the 600 Group, which has now disposed of almost all its scrap metal operations, says it is not interested in selling its TS Harrison and Colchester lathe companies.

In this changing jigsaw, White Consolidated Industries of the US, purchased by Electrolux of Sweden last year, got out of UK manufacturing but sold part of its operation in Birmingham to a management buy-out group in November.

The former White Consolidated operation has been renamed BSA Tools, and though its employment was reduced to little more than 50, the new company announced that it would continue to make lathes and special purpose machine tools.

This partial reshaping of the UK industry has gone hand in hand with further contraction of capacity and employment now standing at just over 30,000.

TI closed its plant on Tyneside, north-east England, last year and consolidated manufacturing in the Midlands. Cincinnati is also closing its site in the south Midlands to concentrate production in Birmingham.

Pricing is also tougher than ever, and some companies have recently accused the Taiwanese of dumping increasing numbers of machines in the UK following the voluntary restraint agreement between Taiwan and the US at the end of 1986.

# UK NEWS

## LAW AND SOCIETY

# Case for some simple changes in the law of libel

BY CELIA HAMPTON

THE LAW on defamation is not all bad, but it does not work as well as it should. A root-and-branch reforming statute could well replace injustice with uncertainty, so the politicians' reluctance to address the subject should probably be welcomed.

Formulated out of rivalry between the 16th century ecclesiastical courts and the Star Chamber, the basic protection afforded by the law to reputation has been moulded by the courts into a fairly effective instrument — in theory.

But in at least three ways the law cries out for change. This could largely be achieved by adapting the rules of procedure and persuading the lawyers to look afresh at certain underlying principles.

The law is strong on the protection of reputation, but only of reputations which are well backed by money. Legal aid is not available for a libel action. This goes to the High Court where the litigant has to pay for two lawyers and the anomalous and costly civil jury.

A change in the legal aid regulations is urgently needed. The ordinarily poor to comfortably off person is denied a remedy because of the cost. It is wholly unrealistic to say that he will recover his costs from the other side if successful. These will probably fall short of his actual legal costs, but in any event he will have to raise a fair proportion of the money at the outset.

If he has lost his means of livelihood because of the libel, he must face debt and even insolvency in the 18 months' to two years' wait for a favourable verdict.

This delay is itself a scandal. A litigant has two interests in suing for libel: to clear his name and to get fit compensation for the damage done. A swifter procedure is imperative for the first of these and, for the second, could help both parties by limiting the amount of damage the victim suffers.

The policemen and magistrates of the criminal law—arguably quicker—have no place in ordinary defamation. Civil trials could be given priority listing, and determined litigants could exchange pleadings and collect their evidence in three to six months. But this is still a very long time for a ruined man or woman to wait.

The High Court has shown initiative in expanding its instant remedies in other areas of law which, like defamation, straddle the uncomfortable gap between the civil and criminal laws. The order enabling a copyright owner to search premises suspected of housing illegal copying apparatus is a judge-made power much stronger than legislators normally dare to grant (except possibly to government enforcement agencies).

A summary proceeding, based on the desire of the victim of a libel to be able to reply to the libel and correct the falsehood, could be added to the High Court's armoury. A judge would first hear the claimant alone to decide whether a statement was potentially defamatory. If so, he could have power to summon the publisher to show that the alleged libel was based on information which was checked with some care. The sources would not necessarily have to be revealed to the claimant.

The claimant would at this early stage be interested in clearing his name rather than getting damages. If his request for a correction was refused, a rather fuller bipartisan proceeding could be conducted by the judge. Only if both parties stuck firmly to their cases without compromising would it have to go to trial.

The chances of a quick, cheap and not unfriendly settlement within days of publication would benefit all sides. The legal aid fund ought to be able to decide whether a claimant who had got this far was a mere "gold-digger."

Scandalous information published recklessly to boost circulation figures calls for swift retribution. There could perhaps be some monetary penalty in addition, from which the victim might be compensated. Even merely careless checking of information can leave the door open to malicious outsiders to feed a publication with libels. This is less grave conduct but still the victim deserves protection.

Where irresponsibility is proved after a trial, damages for outraged feelings are one thing, but enriching the claimant beyond his justified loss and injury is quite another. Punitive damages are not proper but the deterrence of scurrility may make it good policy to penalise the publisher in a way that hurts a bit.

In France it has been suggested that the publisher pay a fine according to the cover price and the number of copies of the publication sold. This would dispel the profit motive for boosting circulation with scandal, and any excess over just compensation for injury could go to the legal aid fund.

Irresponsibility and scandal-mongering are quite distinct from the press seriously exposing wrongdoing and hypocrisy. Judges and lawyers should be able to tell the difference. The present position is doubly unsatisfactory: while preventing the ordinary person from clearing his good name, it can protect suspicious characters in high places whom the press seeks to uncover.

First, it is they who are most likely to be able to fund a libel action, with its threat of exorbitant costs. Second, the law makes the publisher prove the case—he, as defendant, has to prove truth, fair comment or whatever.

Libels are rarely a straight factual lie. Their offence rests rather in the context, the setting and the explicit or implicit commentary. The line where opinion and fact overlap is sometimes hard to perceive. Opinion, fairly expressed in the public interest, is no libel, but it must be based on true facts.

The US courts have, in a rather tortured way, tried to reconcile the conflict between defamation and the Constitution's First Amendment guarantee of free speech. In particular, it is all right to comment about a "public figure" in a way which may lower him in other people's esteem, while the same things said of a private individual would be ruled defamatory.

The English "public interest" test serves roughly the same purpose. It is simpler, but it is also less tested, perhaps because the threat of a libel suit muzzles the comment.

The boundary between defamation and privacy is also one that deserves some thought. A person's private life—what he does in the intimacy of his own, his family's and his private associates lives—may make a very titillating read for bored commuters.

The public's interest in any private but vaguely unconventional goings-on is as undeniable as it is inexplicable. (The only real defence is to have no secrets, but human beings by nature tend to have them.) The public interest in knowing about people's private lives can only be founded in the reflection thereby cast on a person's public life—the impact his actions and personality have on other people in general. This could be a small village or it could be the whole country.

Having some soft-porn videos at home is not especially remarkable for John Smith, citizen, but it would give some insight into a politician advocating stricter censorships. Making a profit on British Gas shares would simply be good fortune for most of us, but not for a parliamentary candidate advocating state ownership.

Several Continental laws have subsumed parts of what English law treats as defamation into a wider protection of private, personal or intimate life. The action is not simply for false information, it is for publishing material which puts the victim in a false light.

A restricted view of selected true facts about a person, to the exclusion of all other data and possibly backed by partial, louche or suggestive comments, may be every way as damaging as a downright lie. It is also almost as false.

Meanwhile, anyone fortunate enough to be at neither end of a libel writ may read the scandal with impunity and enjoy the blessing of the Star Chamber: "Cestuy que laugh quant il oye un auter a lier le libel n'est un publisher sil ne fait pluis"—which roughly translated may be rendered: "He who only laughs when he hears an author reading a libel is not a publisher."

*Celia Hampton is author of Criminal Procedure, deputy editor of the FT Business Law Brief and compiler of the Bulletin of Legal Developments.*

What's behind this new name?

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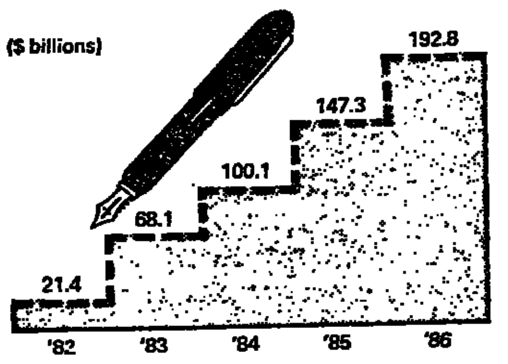
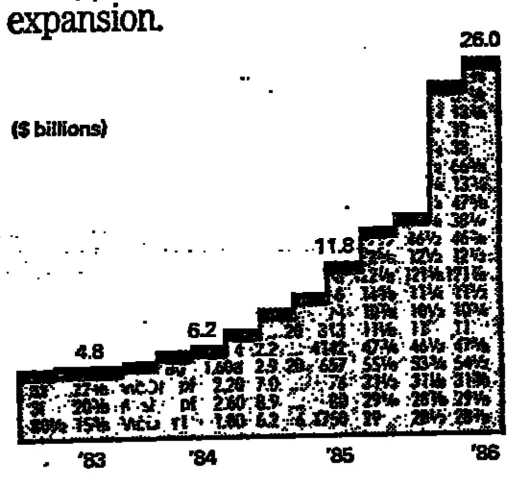



*In 1986, life insurance in force of Primerica's insurance subsidiaries rose 31% to $193 billion.*

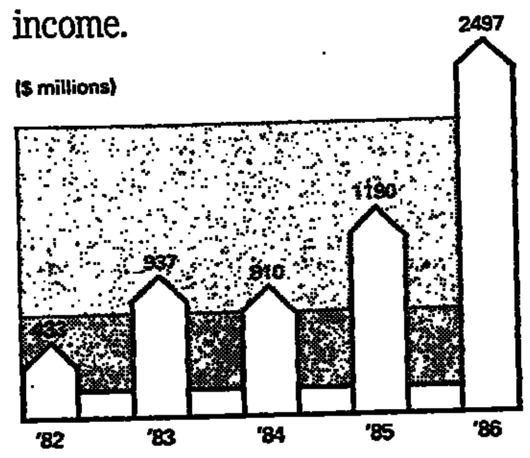
Primerica (pronounced pry-MER-i-ca) is engaged in financial services and specialty retailing, where we have strong market positions, excellent growth potential and the resources to fund our expansion.




*Primerica's investment advisory operations more than doubled their assets under management in 1986, to $26 billion, through growth and acquisitions.*

We are a company whose earnings have grown substantially for four consecutive years and whose common stock value has more than tripled since 1982.

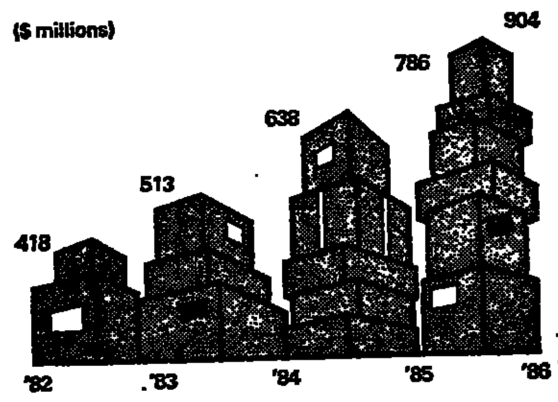
**Primerica's Financial Services Sector,** providing life insurance, asset management and mortgage banking services, was created in 1982. By 1986 it had grown to $1.5 billion in revenues and $287 million in operating income.




*Loan originations of Primerica's mortgage banking unit doubled to $2.5 billion in 1986.*

For three straight years, Primerica subsidiaries have sold more face amount of individual life insurance than any other company. Our investment advisory operations more than doubled their assets under management last year through growth and acquisitions. And our mortgage banking subsidiary is one of the nation's largest providers of single family home mortgages, with $2.5 billion in loan originations.

**Primerica's Specialty Retailing Sector,** consisting of direct mail marketing and specialty stores, also achieved impressive results in 1986. Revenues grew to $1.4 billion, and operating income rose to $111 million.




*Primerica's revenues from direct mail marketing increased 15% to $904 million in 1986.*

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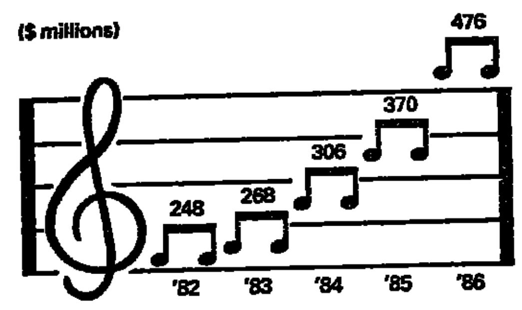


*Specialty store revenues were up 29% last year to $476 million, aided by the expansion of The Musicland Group.*

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# UK NEWS—THE GENERAL ELECTION

## Steel predicts dawn for the Alliance

By Philip Rawstorne

LIBERAL leader Mr David Steel buoyantly declared in Newcastle upon Tyne last night that the Alliance dawn was breaking. "It's getting lighter and lighter out there," he told an Alliance rally. "Our dawn is now only hours away."

Mr Steel said: "With 9m voters still to make up their minds, I sense that the British electorate is now itching to breakout, once and for all, from *the strait-jacket of the past*."

Mr Steel had earlier told journalists on his battle bus that, even if the Alliance polled only the same total of votes as in 1983, he expected it to win substantially more seats.

Canvassing returns showed there was likely to be a bigger differential vote between the Alliance's target constituencies and others. "We are doing very well indeed in seats which we have worked hard on," he said. "Where the work has been done, it is paying off."

The Liberal leader's tour yesterday began in the home of golf, St Andrew's, in north-east Fife, which the Liberals came within about 2,000 votes of winning in 1983.

Mr Steel was given six chocolate golf balls, a yellow rose, and a hard time by a couple of Labour students. Would he do a deal with Mrs Thatcher or not? The voters should be told, they said.

"No, I would not," Mr Steel replied. "*I said that yesterday*."

Reporters pressed him on the issue again. Mr Steel explained that he drew a distinction between talking to Mrs Thatcher as the incumbent Prime Minister and serving under her in government. "I am talking about political realities," he said. "There is not going to be a minority Thatcher government. It could not work. She is the wrong person. It is not going to happen and I am not going to be part of a Thatcher government."

Mr Steel joked that praise from Mr Kinnock was "the worst thing" that had happened to him during the campaign. *But he said that Mr Kinnock* would be easier to work with than Mrs Thatcher, though conversely, the Labour Party might be more difficult than the Conservative Party as a partner.

And it was Mrs Thatcher who was again his main target last night, after he arrived in Newcastle by way of Aberdeen.

There were two kinds of freedom, he told the rally. But it was clear that Mrs Thatcher had been interested only in freedoms-to: "Freedom to let market forces go unchecked and unrestrained, freedom to give employers an even greater say over the rights of employees, or freedom to crush the voices of those who take a contrary view.

"These were the freedoms tailor-made for the Victorian age," Mr Steel said. But *Freedoms-from* had been neglected. "The freedom from want, the freedom from exploitation, the freedom from *deprivation. We hear very little* of these fundamental freedoms from Mrs Thatcher," he said.

## Job targets urged for ethnic minorities

By Jimmy Burns

A GROUP of Asian Labour councillors called yesterday for the introduction of targets of jobs to improve the position of ethnic minorities in the labour market.

The group led by Mr Talal Karim, the chairman of Islington Borough Council's Economic Development Committee, said that the minimum target should be 5 per cent of 1.5m which would be required to reduce registered unemployment by 1m over two years as promised in the Labour manifesto.

The group was introducing a report an racial discrimination in the labour market prepared by the Centre for Local Economic Strategies, a Manchester-based organisation sponsored mainly by Labour local authorities.

The report "Jobs for Black People" broadly echoes the concerns about racial discrimination in employment expressed in February by a House of Commons Select Committee on Employment.

*Jobs for Black People. CLES, Heron House, Brazennose Street, Manchester. £1.*

## Call to double foreign aid

ECONOMIC *policy reforms in* Africa could break down unless there is greater support from western governments and leading *institutions, says a report* published yesterday.

A Fabian Society booklet, Beyond Band Aid, calls on the British Government to double overseas aid within the next five years, target aid to poorest countries, and to make the *International Monetary Fund* and World Bank more responsive to their needs.

## Hung parliament would leave each party with delicate options

**Peter Riddell** on possible post-election deals

A HUNG parliament with no *party having an overall* majority remains unlikely, but it cannot now be ruled out.

*The possibility of* such a result has been raised by the Gallup poll in yesterday's Daily Telegraph showing a *sharply reduced Tory* lead. The accompanying confusion in the leadership of the SDP/Liberal Alliance over its *negotiating tactics* highlights the problems, as well as the opportunities, for all parties in such a position.

*It should*, however, be stressed that no national poll since the campaign started has indicated anything but a Conservative overall majority, mostly of around 60 seats. Indeed, even yesterday's Gallup survey pointed to a majority of 14, enough for some governments *to have* survived a full term.

The key figure is 40 per cent. If Conservative support *falls much below this level* the chances of no overall majority increase. If the Tories were to take 39 per cent of the vote, with Labour on 36 per cent, assuming an *even national spread* on the vote across the country, there would still be a 40-seat gap between the parties but the *Conservatives would fall just* short of an overall majority.

What happens then is not clear. If the Tories lost their overall majority by a few seats, but were still comfortably the largest single party in the Commons, Mrs Thatcher would be entitled to see whether her programme could command support in Parliament, as she has said she would do.

If Mrs Thatcher was defeated, then the leader of the second largest party would be asked to form a government. This happened when the Tories under Baldwin failed to secure an overall majority *in the December 1923 election*. The Tories were the largest party, then formed a mons and were defeated. Labour, being the second largest party then formed a minority government with Liberal support.

The other alternative is what happened in 1929 when the Tories under Baldwin *again lost, but had the second* largest number of seats and resigned immediately to allow Labour, with the *largest number, to form* another minority government.

Yet the party in government does not have to resign *immediately if it both loses* an overall majority and has the second largest number of seats. It can try, as Mr *Edward Heath did in 1974*, to form a coalition with the minority parties. But he failed and the political pressures *are strongly against* a Prime Minister appearing to cling to office when he has clearly lost the election.

*The key apparently lies in* the attitude of the third party. In both 1924 and 1929 the Liberals refused to keep in office the Tories who had lost both elections, but did support a minority Labour government.

Attitudes are different now. Both the Tories and Labour have ruled out any *deals or negotiations with the* Alliance if it held the balance. They would seek to carry on as minority *governments until defeated in the* Commons.

Unlike their predecessors in 1924 and 1929, who in*formally backed Labour, the* Alliance leaders have said repeatedly that they would vote against any Queen's Speech *unless its was negotiated with* them. This would have to be a two to three-year programme concentrated on re*ducing unemployment, moving* towards electoral reform and maintaining a minimum nuclear deterrent.

*The Alliance leaders* have tried to maintain neutrality. But Mr David Steel and most Liberals have not disguised their hostility to working with Mrs Thatcher, while Dr David Owen has made plain his aversion to anything which would permit even a minority Labour government.

But as Mr Steel has *admitted the Alliance would* only be in a plausible position to negotiate if it had at least 40 to 50 MPs rather than *a dozen or so. There* is also some dispute about what would happen if the Alliance helped to vote down successive *Queen's speeches* by both Tory and Labour minority governments (that is highly uncertain since the *just defeated party might* abstain as the Tories did on the Queen's Speech vote in March 1974).

The Alliance leaders have said that in such circumstances there should be cross-party talks on a coalition, but *Labour* and most *constitu*tional authorities believe that the first time around the leader of the replacement government (Labour in this case) would be entitled to seek a second general election. This is a murky area of the royal prerogative and the politicians would seek to avoid bringing the monarch into a political dispute.

In practice, the result would be a stalemate with the likes and dislikes of the Alliance partners preventing a deal with anyone in the short term—provided the two larger parties were willing to talk.

A contest next Thursday producing no overall majority *would probably* be followed by a further election. Unless the Alliance had done unexpectedly well, the advantage would lie with Labour. If the Tories failed to win an overall majority Mrs Thatcher would be seen to have gambled and lost.

All this poses problems for the Alliance. If they were to support the Tories, even with*out Mrs Thatcher*, this might be seen as backing a loser. However, the Alliance threat to bring down Labour unless it negotiated an agreed programme might also backfire by precipitating another election in which the SDP and the Liberals might be squeezed.

Mr Kinnock is calculating that *the public do not like* elections and will not *forgive* a party which forces one. Instead he reckons they would reward a "*moderate*" Labour government which sought a mandate to carry on, as in 1966 and October 1974.

The Alliance leaders argue that by making clear their conditions now they will appear reasonable. Dr Owen's repeated theme has been that the public does not want to endorse any party on its own and seeks a moderating influence. He argues that the Alliance would be well-placed in a second election after a hung parliament since the other parties would be seen as unreasonable.

The Alliance is essentially gambling on a second election producing no overall majority for any one party. In this case Labour or the Tories would be forced to negotiate to ensure that some form of government has sufficient backing in the Commons to carry on.

## Owen hints that coalition is impossible with Labour

BY TOM LYNCH

DR DAVID OWEN, the SDP leader, yesterday appeared to discount the possibility of the Alliance being able to form a coalition with Labour in the event of a hung parliament.

At an open-air meeting at an agricultural college in north *Wales, he referred to the* insistence by Mrs Thatcher and Mr Neil Kinnock, the Labour Leader, that they were not not interested in coalition deals.

Dr Owen suggested that Mr Kinnock was persisting in his refusal to negotiate because "he fears the structure of the parliamentary Labour party and fears they would not let him—the 100 or so hard-left characters—and he is probably right."

He made it clear he was not ruling out the possibility of a deal with Labour, but suggested that it could take place only if the Labour leadership defeated the left wing of the party. He said many Labour Party members would be happy if the left *was overruled on issues such as* unilateral nuclear disarmament.

Later, at a press conference at Humberside Airport, he said: "There is a reality that the left may block Mr Kinnock in negotiating." But he emphasised that the Alliance policy remained to negotiate first with whichever of the two major parties won the largest number of seats. "If they don't want to talk we will talk to some one *else*."

Dr Owen told his audience in Wales that just as many Labour MPs would like to see left-wing *policies moderated in a coalition* as Conservative MPs would like to see Mrs Thatcher's economic policy tempered to take more account of the unemployed.

He said any refusal to negotiate would be "an arrogant assumption that the politicians *can have an election and refuse* to listen to the results. They are refusing to negotiate with millions of voters." Whichever party the Alliance *formed* a coalition with, it would be easier if it was to have a new leader, since both Mrs Thatcher and Mr Kinnock were presenting the country with policies that were "dangerous, divisive and damaging."

He made it clear that he did not intend to state publicly a series of sticking points for the Alliance in any negotiations. But he gave a strong indication *that Labour proposals to abolish* Conservative legislation and Tory plans to privatise the water industry would be major *stumbling blocks*.

Dr Owen has already said that the retention of the Polaris nuclear missiles system would be a pre-condition for Alliance support of Labour in a hung parliament. Yesterday he described the Labour plan to make *secondary picketing legal again* as "almost as serious" as the pledge to dismantle Polaris.

"There is an underlying mood of complacency about trade union power. The impression has been given that it has been permanently curbed, whereas *it could very easily* revive. Let us never forget that Mr Scargill was able, with impunity, to threaten, organise *and actively pursue an attempt* to topple a democratically elected government with not a cheep coming from the Labour Party or Mr Kinnock.

## Thatcher shrugs off poll fears

Ashley Ashwood

**Digging for victory: The Prime Minister passes through an archway of excavator arms with Anthony Bamford, JCB chairman, on a visit to Rocester, Staffs.**

BY JOHN HUNT

THE TORY VOTE is still holding up and is better than in the 1983 general election in spite of some opinion polls in recent days which have shown *a fall* in Conservative support, Mrs Thatcher said last night.

"No, I am not nervous about the outcome," she said during a tour of the East Midlands.

Referring to a Gallup poll in the Daily Telegraph, she said that one poll had been pessi*mistic* for the Conservatives, but the others had demonstrated the normal trend.

"We believe our vote is holding up very well indeed," she said. "We are getting an even better response than in 1983."

Mrs Thatcher also rejected criticism of the style of her campaign and suggestions that she was avoiding meeting the general public. She claimed that she was *shaking* hands with between 1,000 and 2,000 people a day — a figure that came as a surprise to the media *group that has* been accompanying her tour. The tour has consisted mostly of visits to successful industrial plants.

Mrs Thatcher was also highly critical of the decision by the Civil and Public Services Association to call a strike for next Monday and Tuesday.

She attacked left-wingers who are now in control of the CPSA's executive council and saw it as another example of a *strike that will* hit the general public.

Mrs Thatcher also linked it to the Labour Party by de*claring that* it was the *sort* of situation which a Labour Government would try to settle by "beer and sandwiches at No 10."

## Campaigner with sure knack of reaching his targets

**Bryan Gould at Labour's South London headquarters.**

EARLY YESTERDAY *morning* Mr Neil Kinnock, the Labour leader, presided over a strategy session at Transport House called to plan the final, critical days of the campaign. Mr Bryan Gould, his campaign co-ordinator, told the party leader. "Neil, you are looking great. There is a light in your eye."

No one who has spent the campaign with the man for whose chances of getting to Number 10 *originally looked* about as likely as Mr Edward Heath being recalled to a third-term, Tory cabinet, would dis*agree. Mr Kinnock is display*ing a genuine confidence which has spread to infect his party but one which will be put to its toughest test in the few days remaining before the nation decides.

The Labour leader believes that his campaign has been well-paced, that it has managed to tap the nation's conscience on a range of social issues and that, in the few days left, the still sizeable number of undecided voters will opt to reject another term of Thatcherism.

*If Labour* pulls off the biggest political upset since 1945, the light of victory will also shine directly upon Mr Gould, who has emerged as one of the key personalities in Labour's bid for power. Even in failure, Mr Gould will have consolidated his reputation, founded on his performances as a Treasury spokesman, as one of the party's most personable and capable operators.

During the campaign, he has been at its hub, overseeing day-to-day activities and taking the morning press conferences in London when Mr Kinnock has not been in town. He has taken the leader's seat with confidence, despite the irritation of a London press which believes the tactic has deprived it of the chance to put awkward questions to the party leader. Only occasionally has Mr Gould slipped up.

When he was appointed to the campaign post last October, the former Rhodes scholar, law lecturer and television reporter inherited an election machine which was already at a fairly advanced stage of preparation and his role was to sharpen up the battle plan and make the practical arrangements for when Mrs Thatcher named the day.

For months, Labour has been saying that its campaign would, after the 1983 debacle, be professional, impressive and effective and even its enemies have been forced to acknowledge as much. There remain planty of critics, however, prepared to say Labour has merely been engaged in a calculated and *cynical attempt to hide what it* really stands for beneath a thin layer of presentational make-up.

But whether it has been good *cosmetics, sound policies or a*

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Michael Cassell on the backroom achievement of Bryan Gould

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combination *of* both, the evidence suggests the strategy has been paying off, even if it does not, on this occasion, prove potent enough *to* get Mr Kinnock to Downing Street.

Mr Gould says the party has never done so much preparatory work for an election and never has a Labour campaign been so well targeted and co-ordinated: "I can tell you today exactly where every one of our front bench people are and what they are saying. They have not arrived there by accident, they have been told to go there and told what to *talk* about. Last time, people like Neil exhausted themselves rushing around the country in a haphazard and *unproductive way*."

He stresses that the leadership also determined early on to stick to its central themes and that, provided it could summon up sufficient "intellectual toughness," it would not be *knocked* off course. He admits that, in the second week of the campaign, the defence issue tested the strategy almost to *breaking point and threatened* to "sweep them away."

He denies that the campaign has been presidential but *happily acknowledges that if* there is a single factor which has produced Labour's better-than-expected performance it *has been Mr Kinnock's own* success: "He has performed brilliantly ever since the first rally at Llandudno. He has been top form as a speaker and pointed up the contrast between him and Mrs Thatcher."

Mr Gould, the MP for Dagenham, was on Wednesday night "let out" from party headquarters in Walworth Road to attend a constituency rally. He claims it was more like a revivalist rally and that it was Labour's revival they were celebrating. People are saying they have never known anything like it. Everyone feels great."

All of which is understandable from a party that had been preparing itself for an honourable defeat and now really believes it can win. If it fails, the manner of its defeat will *least give it fresh heart for the* next fight, while strengthening the hand of Mr Kinnock and his like-minded colleagues *within the party leadership*.

## Tebbit holds out hope of tax rate under 25p

By David Brindle

THE PROSPECT of a cut in *the basic rate of income tax* to below 25p in the pound was held out last night by Mr Norman Tebbit, the Conservative Party chairman.

He claimed in a speech in Dulwich, south London, that Labour's spending plans would mean a tax rate of "at least 29 pence in the pound — and the sky's the limit after that." The alternative was tax "down towards 25 pence in the pound — or beyond — under the next Conservative government."

Although Tory leaders have often said that a 25p tax rate could still be regarded as too high, they have not previously said they would cut the basic rate below that.

Mr Tebbit was spelling out what he called "six key choices" for the electorate in deciding between Labour and the Conservatives.

The British people had a fateful decision to make, he said, "but no one should doubt the appalling consequences of making the wrong decision."

The choices were: between *higher and lower tax, between* economic success or collapse, between lower inflation or "inflation through the roof," between a property-owning democracy or "a state-controlled society," between good industrial relations or a return to "industrial anarchy" and between strong defence or "putting ourselves at the mercy of any blackmailer or attacker."

Noting that Labour's 1983 manifesto had been called the longest suicide note ever written, Mr Tebbit said: "This time the note is shorter—and it is not just a suicide note for Labour but an invitation to the British people to join in a suicide pact."

## UK overseas aid 'down to lowest level'

BRITISH GOVERNMENT aid, measured as a percentage of GNP, dropped to its lowest level last year, the World Development Movement (WDM) claimed yesterday. *The claim* is based on OECD figures to be released officially at the end of this month.

Mr John Mitchell, director of WDM, the London-based pressure group on Third World issues, said that the figures showed that UK aid as a percentage of GNP had fallen to 0.32 per cent, compared to 0.52 per cent in 1979, the year the Conservatives came *to* power in Britain.

The Conservative election manifesto declares that the party will "maintain" its "substantial aid programmes.

According to WDM, the OECD figures show that of the seven nations meeting in Venice, France leads the aid table with 0.49 per cent of GNP committed to aid, compared to 0.35 per cent in 1979, followed by Canada at 0.48 per cent (0.48), Germany *0.43* per cent (0.45), Italy 0.40 per cent (0.08), UK 0.32 per cent (0.52), Japan 0.29 per cent (0.27) and the USA 0.23 per cent (0.20).

## US concern at stance by Weinberger

*By Stewart Fleming in Venice*

AMERICAN officials in Venice were yesterday expressing concern about the decision of Mr Caspar Weinberger, the US Defence Secretary, to appear on a platform in London with Mr Norman Tebbit ,the Tory Party chairman, only a week before the general election.

Allegations that the Reagan Administration has been subtly trying to support Mrs Thatcher's re-election campaign began to surface in April when Washington issued a statement critical of Labour nuclear policy only hours after Mr Kinnock had met President Reagan.

Comments by the President in a television interview with European journalists last week that Labour Party's nuclear policies were a "grievous *error*" *have threatened to turn* US involvement in the election into a campaign issue.

US officials here are stressing *the non-partisan nature* of the US-British relationship.

"We have survived Labour Governments before," one official remarked yesterday adding that President Reagan had himself stressed the strength and closeness of the *overall* relationship with Britain and pointing out that Washington's critical comments on Labour policy were directed specifically at Mr Kinnock's commitment to a non-nuclear Britain.

The fact that Mrs Thatcher is using the Venice summit as an opportunity to boost her prestige by attending next week's meeting here for only one day during which she will have an early morning meeting with President Reagan is also adding to nervousness about the controversy over charges that Washington is trying to help her re-election.

## The slanging match that people love to slang

**Simon Holberton** becomes streetwise about the election

"I THINK they are immensely browned off," Mr Nigel Lawson, the Chancellor, told a group of worthies from Edmonton, a north London Tory marginal. "You've got to knock them up on polling day and that might make all the difference."

A sample of opinion in the high streets and back alleys of Edmonton bears out the Chancellor's comment. The people are browned-off with the coverage the election has received, especially the amount on television; equally, for Mr Ian Twinn, the Conservative member in the last parliament, a lot of canvassing will be needed to hold the seat.

Mr Twinn, the parliamentary private secretary to Mr Peter *Morrison*, the Conservative Party's vice-chairman, took the seat by the slenderest of margins in 1983—just a little *more than 1,100* votes. Edmonton had been held by Labour for 53 years, and is a seat it could win back.

"One's against the other, slanging each other," said Gladys Creed, a pensioner, reflecting on the television coverage. "I don't like that; it doesn't seem fair."

"We seem to be flooded with various ideas from the parties," said an elderly man, "but I don't like none of the scrap goin' on; it's got to be a fair fight." Both will vote Labour because for them it is the party of the pensioner and the unemployed.

Further north, in the middle-class cathedral town of St Albans, another Conservative marginal, the electorate seems less concerned with the media and more with education. The member in the last parliament, *Mr Peter Lilley, Mr Lawson's* parliamentary private secretary, is facing a strong challenge from Mr Sandy Walkington, an earnest and affable candidate for the Alliance.

In *1983 Mr Lilley* had a majority of about 8,500 votes. Voting trends in the council election earlier this year — which enabled the Alliance *to* gain minority control — mean, Mr Walkington's staff claim, that he has to close a gap of *about 2,000 votes*.

In both constituencies the personality of Mrs Thatcher excited fear, loathing, admiration and respect. "We've got a strong leadership and I'm prepared to accept that," said a high street grocer in Edmonton.

"OK, *she's cut back* a lot of things," said a mother waiting for her child at a primary school in St Albans, "but she's built the country up."

Yet many voters, especially in St Albans, are forgoing traditional party preferences to vote Alliance in order to get "that woman" out. "I think *if there had been another leader* of the Conservatives it would have been different," said one young man, a Tory voter who *had come to shop*, "but I can't stand the woman. She's gotta go."

An 83-year-old pensioner, a former Tory voter who is disappointed by a response she received from Mr Lilley over television licensing fees, said of the Prime Minister: "She's all right, her bread's buttered." A younger friend who intends switching to the Alliance said of *Mr Walkington*: "I think he will do a lot more for us: at least we will see him more than once a year."

On the hustings Mr Brian Grayston, the Labour candidate for Edmonton, found vitriol for Mrs Thatcher issuing from the mouth of Mrs Annie Jones, a frail-looking pensioner. "I am always Labour," she said. "But get that woman out! I am 84 and what can I do with 80p. I *worked until I was 76, and I* would work now if I could."

In St Albans, in the Marshallswick district, which, given the leafy avenues, the big houses and the nice gardens, one would have expected a *solidly Tory vote*, Mr Lilley found some women concerned about education. Some were annoyed over their inability to *get their children into the* school of their choice, while others were concerned that the Government's new education policy *pressaged a return to* the 11-plus, or some other such ability-based system.

"A lot of things the Tories say you believe in," said one woman who voted Conservative in 1983 but plans to vote Alliance this time, "but you cannot trust them. By the time *my daughter's ready for work* there will be 5m unemployed and she will be one of them if they return education to (a *system based on) ability* and the depth of your pocket."

But many will continue to vote for the Government because they have seen life improve, or fear that the Labour Party has changed from what it once was.

"We know that things have improved," said a woman leaving the Chandlers Road *Primary School in St Albans* with her daughter. "Orders for my husband's business have really picked up over the past *six months. If the Labour Party* got in we would have more spending and more inflation."

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# Kinnock pledges removal of pay beds from NHS

BY FIONA THOMPSON

LABOUR and Conservative Party leaders differed sharply yesterday over the role of private medicine. Mr Neil Kinnock, said at his party's election press conference that Labour would systematically remove pay beds from the National Health Service to achieve its long-term aim of shrinking the private health sector.

"We can't forbid it," he said of private health, but Labour would concentrate on sharply reducing the 10 per cent of the country's health care provided by the private sector.

"This is not an ideological vendetta," said Mr Michael Meacher, the party's health spokesman. "It is purely to ensure that everyone gets the best treatment. We will shrink the private sector until we get this."

Mr Kinnock said that the Government's own figures showed that the money available for hospital services had been cut by 3.5 per cent since 1979. As a result 318 hospitals had been closed, 30,000 nurse had left the service, more than 36,000 beds had been lost and there were now nearly three-quarters of a million people on waiting lists.

Each year some 2,000 women were dying—even though the Government was advised six years ago that proper computerised call-and-recall systems for cancer screening would have that death rate. Only a quarter of all health districts operate such systems.

This Government was the first in 39 years to abandon all-party commitment to the NHS, said Mr Kinnock.

Mr Meacher forecast that American patterns of health care would become the norm with people refused treatment if they were not insured. He quoted Mrs Edwina Currie, the junior Health Minister, saying last July: "I do not believe services should be free."

Mr Kinnock repeated Labour's pledge to increase spending on the health service by 3 per cent beyond the rate of inflation. Prescription charges would be cut at once as a prelude to complete phasing out.

Mrs Thatcher admitted yesterday that should she fall seriously ill and require a complicated operation she would have to rely on the National Health Service because private medicine would be too expensive.

She explained, at the Conservative Party's election press conference, that, like millions of others, she had taken out private medical insurance so that she could receive treatment for less serious ailments by the surgeon or physician of her choice at a convenient time.

Mrs Thatcher denied that her decision to be a private patient when she was treated recently for an eye complaint and a problem with one of her hands indicated that she did not trust the NHS.

The prime Minister was joined on the platform by Mr Norman Fowler, the Social Services Secretary, and Mr Tony Newton, the Health Minister, and mounted a strong defence of the Government's record in making increased provision for the NHS and the whole range of social services.

Mrs Thatcher said spending on the health service had gone up from £8bn a year to £21bn a year since she became Prime Minister in 1979, while in the same period the proportion of the gross national product devoted to it had risen from 4.8 per cent to 5.5 per cent.

Mr Fowler acused Mr Neil Kinnock, the Labour leader, of "total hypocrisy" in seeking to make political capital out of the length of hospital waiting lists when the last Labour Government, which he had supported, had handed over to its Conservative successor the "biggest waiting list and the longest waiting times in the history of the NHS".

Philip Bassett on a constituency with a mix of far-reaching contradictions

# Trident could detonate local Labour hopes


Mike Arron

War zone: Labour's Peter Phizacklea (left) and Tory Cecil Franks argue the case over jobs in the defence industry.

BARROW-IN-FURNESS is a defence town and defence is a key issue in the constituency. It is central to the Conservatives' pitch at the electorate. It menaces the link between the two Alliance parties and it constantly threatens open division in the Labour Party.

Barrow's prosperity is governed principally by what happens to VSEL, the privatised Vickers yard of British Shipbuilders where two Trident nuclear submarine hulls are currently under construction. The town interweaves defence with jobs, one of the election's other main issues.

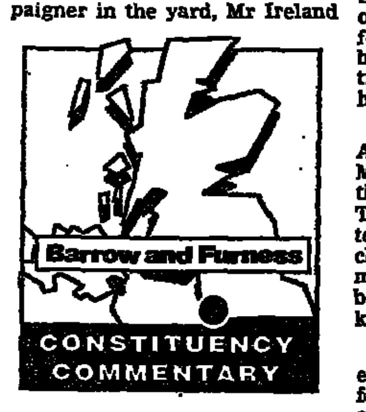
Physically, Barrow is dominated by defence—by the huge hangar, known locally as "Maggie's shed" after it was opened last year by the Prime Minister, in which the Trident vessels are being built. A shipbuilding town perched on the southern edge of the Lake District, an industrial centre in rural, tourist Cumbria, a natural Labour area which saw the Conservatives win last time, Barrow is a mix of contradictions: how they play out will be one of the election's most significant stories.

Nineteen eighty-three's story certainly was. The defence issue provided one of the election's most spectacular upsets when Labour frontbencher Mr Albert Booth lost the seat after campaigning actively (including lying down in front of the shipyard) against Trident.

Since then, another factor seems to be pulling the Conservatives' way. Last year, with the yard's privatisation, more than 80 per cent of the yard's 12,600 employees bought shares in it. Since then, their price has soared from £1 to £4.71; some have sold their shares for profit, but the number of shareholders is still large enough for the Tories to have bought the share register and used it as a source for their computerised election mailshots.

"In the yard the attitudes have changed completely," says Mr Ron Ireland, secretary of the Barrow 5 branch of the GMBU general union, which has about 1,800 semi-skilled and unskilled members in VSEL. "The attitude in there now is that if the Tories get back their shares will go through the roof."

A staunch Labour loyalist, and an active Labour campaigner in the yard, Mr Ireland




is pessimistic about Labour's chances. "I've spoken to dedicated Labour people in the yard, who've been Labour all their lives, and they turn round and tell me to get stuffed.

"People in the yard say Labour has not got my vote. They will put us all out of work."

Labour has tried hard to crack that impression, sending in Mr George Foulkes, one of its foreign affairs spokesmen, to guarantee no redundancies at the yard if Labour is returned on its "scrap Trident" platform. Alternative work would be provided by placing conventional weapons in the Trident hulls.

VSEL gives this some support. A report by its chief executive, Mr Rodney Leach, says: "It is the board's view that if the Trident missile programme were to be cancelled following a change of government the submarines being developed could be modified to meet a hunter-killer role."

But the electorate—VSEL employees, let alone their families, make up about 20 per cent of the voters—seems unconvinced. Mr Donald Logan, a welder on HMS Vanguard, the first of the Trident subs, and a shareholder—"It's been the best thing ever"—says: "People have loyalty to the Labour Party but they feel that if they vote Labour they are throwing their jobs out of the window."

Mr Kevin Cassley, a painter at the yard, says: "A lot of people round here seem to want to vote Tory to keep their jobs. They don't want Labour." Mr Garth Morton, a VSEL clerical worker, thinks that people only bought shares out of loyalty to the company, not for profit, and believes feeling on the election may now be 50-50: "They have gone Conservative one time. But they may go back to their normal way of voting."

**BARROW AND FURNESS:** 1983 election result—C. S. Franks (C) 22,484; A. E. Booth (Lab) 17,707; D. Cottier (SDP) 11,079. C majority 4,577. Turnout 75.2 per cent.

Candidates: C. S. Franks (C); P. Phizacklea (Lab), R. W. Phelps (SDP).

A local poll, carried out by sixth form students for the town's Evening Mail newspaper, did not think so. Interviews with 364 electors—a larger sample in the constituency than national polls would take—put the Conservatives on 43 per cent, Labour 33 per cent and the Alliance at 17 per cent.

Apart from the defence-jobs issue, the only other real factor in the campaign in Barrow is likely to be Mr Cecil Franks, the Conservative candidate. A Manchester solicitor injected into Barrow only three weeks before he won the seat in 1983, Mr Frank's abrasive personality has, say Labour and the Alliance, caused some disquiet among Conservative supporters.

His campaign has also been marred by local problems reverberating from the sacking during the campaign of the Tory agent, and the agent's subsequent arrest by the police, though no charges have been brought.

Abrasive or not, Mr Franks' vigour — especially in pushing hard at the Trident issue, bringing in Tory big guns on defence including Mr George Younger, Defence Secretary, and Mr Michael Heseltine, his predecessor in the job — is something to which the two other candidates have had to respond. Mr Peter Phizacklea, for Labour, a local man 30 years in the Barrow shipyard and a county councillor, is taking the unexpected electoral gift of the open rift in the Conservatives' campaign, and believes it will carry weight with Barrow voters. He feels the only reason the town voted Tory last time was misplaced fear about jobs.

For the Alliance, Mr Dick Phelps, until recently chief executive of the Central Lancashire New Town Development Corporation, believes Tory dissatisfaction and embarrassment at the party's local difficulties will see Conservative voters in the market and brewery town of Ulverston, at the other end of the constituency from Barrow town, swing his way.

If they do, it might be enough to tip the majority, and let Labour in by default—something Labour locally is hoping for. Ultimately though Trident will again decide the candidates' fate—and enable Barrow to illustrate in microcosm the electoral impact of the parties' defence policies.

# Rust in Red Square leaves our poll a poor second

By David Marsh in Bonn

FOR THE West Germans, dedicated connoisseurs of conundrums, the British election represents an interesting curiosity. A fading industrial relic, which also happen to possess nuclear weapons, is going to the polls.

Whether there are any any lessons for Western Europe's still more-or-less model economy in Mrs Thatcher's privatisation prescriptions or Mr Kinnock's notions on disarmament remains very much an open question.

The West German press is inevitably described in one of those true cliches as heavy and serious.

Leaving aside the spectacularly raffish Bild Zeitung, which combines scoops and mistruths in equal but not easily distinguishable proportions, West German newspapers see their role in life to worry, not to entertain.

There has been little to write about the British elections however for the simple reason that few people in West Germany are bothered about what goes on in Europe's island outpost.

Coverage on television has been minimal so far. In news footage terms, British political leaders speeding round the country have been left way behind in the slipstream of Mathias Rust, the 19-year-old German pilot who last week pulled off an unauthorised solo run to Red Square and into a Moscow prison.

"Germans and Britons are boring to each other," says Mr Josef Joffe, foreign editor of the Sueddeutsche Zeitung, one of the country's leading newspapers. "There is no fascination, no threat."

A colleague at the Westdeutsche Rundfunk broadcasting organisation comments: "Most journalists believe Mrs Thatcher has the election already in the bag."

Plenty of people—both ordinary Germans and politicians—claim to admire the Prime Minister—but few believe her policies are relevant to West Germany.

One top industrialist, for instance, schoolboyishly relates his delight at being able to meet Mrs T at a Downing Street gathering. He then goes on to say how her policies of union-bashing and privatisation would be inapplicable to the Federal Republic.

Much of what news coverage there has been has tended to reinforce an image out of a Labour election poster. Britain won the war but lost the battle—and is going genteelly downhill. Newspapers have focused on unemployment, schooling and the National Health Service as the main issues.

"The three great German subjects of angst—atomic war, atomic power and AIDS—play hardly any role," wrote the weekly, Die Zeit.

The Conservative Die Welt has underlined the dominant role of television, quoting opinion polls showing ordinary British voters are fed up with saturation coverage: it has related the story of a Scottish hotel chain offering weekend breaks where poll talk is banned.

The daily economics paper, Handelsblatt, has pointed out the "other face" of Mrs Thatcher's six-year economic recovery. "While the south of the country flourishes, the old industrial centres, hardest hit by the worst post-war recession, are trying to find replacements for massive job losses."

Der Spiegel, the weekly news magazine which can always be relied upon for sardonic overkill, has produced a portrait of Mrs Maureen Hicks, the Oxford-accented Conservative candidate in Wolverhampton North-East attempting to coax voters out of apathy in a campaign tour through squalid Industrial Revolution streets.

The conservative Frankfurter Allgemeine has done its bit to redress the balance with a dissertation on how British industrial workers have now escaped from the undue power of their unions.

It underlines how long it has taken Britain to change union-employer relationships laid down in the last century. And the paper appends a cartoon of one of Mrs Thatcher's elegant high-heeled shoes shackled to the iron ball of unemployment.

The Queen's visit to Berlin last month—which some right-wing newspapers fondly saw as reinstalling the British monarchy's regard for Prussia—was probably for most Germans of far greater significance than what Mr Kinnock may or may not do with Polaris.

The German press is in love with the royal family, not Mrs Thatcher. After the election most readers will continue to glean their knowledge of Britain largely from court correspondents' accounts of marital difficulties, chest illnesses, corgi upsets and mad relatives in and around Buckingham Palace.

**Ten-year-old Mark Burgess found himself at the centre of the election campaign yesterday when Mrs Thatcher promised to look into his case after Mr Kinnock claimed Mark had waited more than a year for open heart surgery.**

**She stressed that the health service was treating a million cases a week although she understood how Mark's parents felt "in this seemingly urgent and acute case."**

**Mr Kinnock said: "Mark Burgess is just one of the many seriously ill children being denied a critical operation because there is no room in hospital."**

**"He was due to be admitted to Guy's Hospital last Monday but when his grandparents phoned to check they were told all admissions had had to be cancelled because there were a small number of desperately sick babies in the ward and they could not take any more admissions."**

**Miss Lynne Connor, paediatrics administrator at Guy's Hospital, said Mark had been waiting for an operation at the paediatrics unit since last August.**

**"His is a major operation but it is not an emergency," she said. "It is not a life-threatening condition."**

**The two paediatric surgeons at Guy's were restricted on the number of operations they could perform by the shortage of nurses which was particularly bad in London said Miss Connor.**

# Thatcher claims policies remove social divisions

BY IVOR OWEN

GOVERNMENT policies have been getting rid of divisions in society, Mrs Margaret Thatcher, the Prime Minister, claimed yesterday.

She told the Conservative Party's election press conference that it was Labour, through its failures to deal with abuses of trade union power and the activities of Marxist councillors, which had brought about a "really divided society" and would do so again if returned to power.

Mrs Thatcher recalled that Labour had not called on the National Union of Mineworkers to hold a ballot during the miners' strike and had failed to condemn the intimidation on the picket lines, or at Wapping during the dispute involving News International.

When touring the country she had repeatedly been told by industrialists that the economic success Britain was now enjoying was due to the trade union reforms introduced by the Government which Labour was pledged to reverse.

Mrs Thatcher said this explained why trade unionits were voting an increasing numbers for the Conservative Party.

Labour wanted to retain the "block vote" in the trade unions in the blocks on council housing estates and, initially, had opposed the Government when it enabled local authority tenants to buy their own homes.

The Prime Minister stressed that Labour was intent on "levelling down" at the expense of those now doing a "fantastic job" in building up industry.

# Inflation threat to job schemes

By Ralph Atkins

INFLATION would undermine both the Labour and Alliance parties' plans for creating jobs, Phillips & Drew, the stockbroker predicts. But if the Conservatives were re-elected, unemployment would increase to 3.1m by 1989.

The report says the opposition parties would meet their targets of reducing unemployment by 1m in two years under Labour or in three years under the Alliance but higher pay and a lower exchange rate could push inflation above 10 per cent within five years.

"The main threat to the opposition programmes is that they would prove unsustainable in the face of escalating inflation," the report says.

Under Labour, inflation is forecast to rise from 4 per cent in 1987 to 7.8 per cent in 1989—and then probably increase into double figures. The economy would grow by 3.7 per cent in 1987 and by 4.2 per cent in 1989.

Inflation under a Conservative government would average 3.8 per cent in 1987 rising to 4.9 per cent in 1989. Unemployment would drop from an average of 3m in 1987 to 2.9m in 1988 but then return to an upward path. In 1988 and 1989 the economy would grow about 2 per cent a year.

If the Alliance won the election, inflation would rise to 7.4 per cent by 1989. At the same time gross domestic product would grow by 4.4 per cent in 1988 and by 3.7 per cent in 1989.

# Kinnock would be union 'puppet'

BY IVOR OWEN

IF Mr Neil Kinnock, the Labour leader, was to become Prime Minister he would be a puppet of the trade unions, Mr Bill Rodgers, a founder member of the SDP and Alliance spokesman on energy, said yesterday.

He asserted that Mr Kinnock was "more in debt" to the trade unions than any of his predecessors as leader of the Labour Party.

Labour's campaign, said Mr Rodgers, was being financed to the tune of millions of pounds by the trade unions regardless of the wishes of their members who had never been asked if they wanted to contribute to it.

He recalled that it was a strike of tanker drivers belonging to the Transport and General Workers Union that started the "winter of discontent" and led to the downfall of the last Labour Government; there had not been a "breath of criticism" from Mr Kinnock, who was sponsored by the TGWU.

Challenged to say how he and Dr David Owen, then both members of the Callaghan Cabinet, had sought to check the excesses by the trade unions, he said: "We were extremely strong in saying the behaviour of the trade unions was outrageous."

He had made it plain to Mr Moss Evans, then general secretary of the TGWU, that the strikers were "destroying the government but more important the working people of this country."

Mr Rodgers acknowledged that he had been a union sponsored Labour MP but insisted that the real test was "where does your loyalty lie?"

He contended: "It was absolutely plain that Mr Kinnock's loyalty was only to his trade union and he did not raise a finger or speak a word which was critical of the pickets at that time."

Dr Owen confirmed that the Alliance was opposed to the Government's proposal to provide legal protection for union members who defied a majority vote to strike and continued working.

The Alliance would not accept that such action should result in the person concerned being dismissed by his employer but agreed that, by crossing picket lines, he should be subject to the disciplinary procedures of the union concerned.

# Small business schemes criticised

BY CHARLES BATCHELOR

GOVERNMENT programmes to stimulate small businesses are producing "a nation of hairdressers and nursery nurses" and not enough people capable of building up high-technology businesses, Mr Barry Sheerman, Labour's small business spokesman, said yesterday.

More has to be spent on training so that people can achieve a higher level of skill than is possible on the Youth Training Scheme and other government programmes, he added. Mr Sheerman was speaking in a debate in London organised by the Forum of Private Business, a small business lobby group.

He said training programmes should aim for quality rather than quantity and that a mechanism should be developed for spotting the winners among small firms.

Mr David Trippier, Small Firms Minister, said the Government had given a high priority to training, particularly marketing training. A scheme to allow small firms to obtain subsidised marketing advice from outside consultants had recently had its funding increased from £2.5m to £8m.

Training for enterprise had to start in schools and the Government aimed to extend its "mini-enterprise" scheme, whereby children can run their own companies or community projects, to all secondary schools by the end of this year, Mr Trippier added.

Mr Sheerman attacked the Government for allowing manufacturing industry to decline while promoting jobs in the service sector. Mr Trippier responded that large-scale manufacturing would not create many jobs and that further modernisation of manufacturing processes would cost more jobs.

Asked what their priority would be if their party came to power, Lord Chandos, Alliance small business spokesman, said it would be to give small firms the legal right to charge interest on late payments made by customers. Labour has said it would consider legislation to penalise late payers but the Conservatives have rejected this.

Mr Sheerman said Labour's first move would be to bring interest rates down while Mr Trippier said the Conservatives would reduce taxes.

A poll of parliamentary candidates and of its own members by the forum showed sharp differences in what the two groups saw as priorities for small businesses.

The candidates ranked the high cost of borrowing as the sector's biggest problem followed by unfair competition from large companies, and then the black economy and red tape.

# City college 'gimmick' condemned

By Michael Dixon, Education Correspondent

THE Conservatives provoked a renewed attack on their education policies yesterday by announcing that Mr Harry Djangoly, chairman of the Nottingham Manufacturing textile group, has promised £1m to start the fourth of their 20 proposed city technology colleges.

Mr Kenneth Baker, the Education Secretary, had said that no more of the controversial semi-independent colleges—which will be set up only if the Tories win the election—would be announced before polling day.

Mr Giles Radice, the Labour education spokesman, promptly accused Mr Baker for "fiddling around with gimmicks" instead of persuading his party colleagues that more money was needed for state-maintained schools as a whole.

The fourth of the colleges for students aged 11 to 14 selected on their aptitude for science and technology is due to be set up in Nottingham. Mr Djangoly, who is seeking a site in conjunction with the city's Conservative-led council, said he believed the development would equip more boys and girls with the kinds of skills which employers such as himself were finding it hard to obtain.

The three previously announced colleges are planned in Solihull with backing from Hanson Trust and Lucas Industries, in the Doncaster-Rotherham area sponsored by the Dixon's electrical stores group, and in Wandsworth with the aid of Sir Philip Harris, chairman of the Harris Queensway retailing company.

THE ISSUES: POVERTY

# Resigned apathy among families where every penny matters

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

WHAT DOES the election mean for families too poor to own a cat?

Definitions of poverty can be as politically controversial as any proposed solution to the problem. Many such definitions exist—some statistical, some comparative, some emotional.

Not having enough money to feed a cat perhaps comes so far into the emotional category as to bring tears to the eyes.

But it did appear in a study of families living on supplementary benefit completed recently by the Family Policy Studies Centre and financed by the Joseph Rowntree Memorial Trust.

The study examined the spending potential of two families living on social security in Barrow-in-Furness, Cumbria. One, a couple with two children aged five and 10, received £68.05 per week benefit when the investigation was conducted last year. The other, a single parent with a five-year-old, received £47.60.

Amid the minute analysis of the families' expenditure, it was established that neither could afford the amount necessary to sustain a cat or dog. They could, with care, manage something more modest. One family could, over nine weeks, save up for a gerbil, cage and water bottle. It would take the other family 13 weeks. "Once acquired, it would cost 30p per week for food and 23p per week for bedding — total cost 53p per week — which both families could just afford," said the report.

The financial constraints and meagre lifestyles of the families examined are not restricted to limitations on animal ownership. A picture emerges of deficient diet, inability to afford things that many people take for granted — such as holidays and house insurance—and of perpetually having to go for the cheapest.

Adequacy is, as the FPSC report acknowledges, a relative notion. "If we contrast the purchasing power of these families with their equivalents in the Third World then they are rich. But by the standard of living of most families today, the evidence reveals that families on supplementary benefit can only afford an extremely restricted and drab lifestyle."

Supplementary benefit levels have not been accepted as an official poverty line by governments and one of the criticisms of using them as such is that, if the real values of supplementary benefit rates increase, the number of poor people will on this measure increase as well

However, organisations such as the Child Poverty Action Group regard anyone living on or below supplementary benefit levels as being in poverty, and those who have to live on between 100 and 140 per cent of benefit levels as being on the margins of poverty. On this measure the CPAG says that in 1983 there were 8.9m people living on or below the supplementary benefit poverty line, and that by now "the situation is almost certainly worse."

The Labour Party, which includes action against poverty in the priority programme section of its manifesto, says that it would immediately increase pensions by £5 per week for single people and by £8 for married couples, provide a £5 winter premium to help the old and low-paid with fuel bills, fully restore the State Earnings Related Pension Scheme and death grants, and increase child benefits and maternity grants. Long-term supplementary benefit rates would be extended to the long-term unemployed. A Minister for the Disabled would introduce a new disability income scheme.

A prominent section of the Alliance manifesto is given to measures for ending poverty which, it says, is getting worse. It proposes pension increases of £2.30 per week for single pensioners and £3.65 for married couples, with additional increases for poorer pensioners.

The Alliance would also introduce a £400 death grant, improved child and maternity benefits and action to help single parents, unemployed young people and the long-term unemployed. In the longer term—in a second parliament—the Alliance says it would merge the tax and benefits systems into a simpler and fairer integrated system.

The Conservative manifesto, unlike the others, does not have a section entitled "poverty" and the word is used in only a single reference—in the context of poverty traps—in its section on social security. But, it says, expenditure on pensions and other benefits has risen by £13bn on top of inflation since the Tories came to office. The new Social Security Act will, say the Conservatives, provide a simpler system which will be fairer

The Conservative Party says it would continue to maintain the value of state pensions, but would reintroduce measures to enable people to take out additional pensions of their own. A new family credit would be introduced which, say the Conservatives, would benefit twice as many families in work as family income supplement. A major survey of the needs of disabled people would be completed next year. The "tangled web of income-related benefits" would be reformed so that people were not worse-off by taking a job.

If impressions from the last general election are any guide, many of Britain's poorest will fail to vote.

Hackney in London has, on various measures of deprivation, often been described as Britain's poorest borough. In spite of rising house prices in its more popular owner-occupied streets, it remains a place where many of the cats have learned to look after themselves. The turnout in Hackney in the 1983 election was among the lowest in Britain with barely a majority of the electorate bothering to vote — 53.9 per cent in one of its two constituencies and 54.6 in the other.

The Wendel family fortunes

# Renaissance of a French dynasty

**Paul Betts explains how CGIP emerged from the 'leftovers' f a nationalisation**

THE OLD French industrial and financial dynasties are making a discreet but striking comeback. Only a few years ago their backs seemed squarely against the wall with a hostile left-wing government out to break down what it itself liked to call the "mur d'argent"—the wall of money.

But with the evolution in French socialist attitudes towards profit and money and the arrival of a right-wing liberal government which has done away with wealth taxes and encouraged popular capitalism, the old families seem to have recovered their traditional entrepreneurial spirits.

The Peugeots and Michelins are seeing their groups flourishing again after having sunk into the red barely two or three years ago and the Rothschilds have opened a bank again in France. But perhaps the most remarkable renaissance of all is that of the House of Wendel.

The Wendel family, which early this century rivalled the Krupps of Germany or the Du Ponts of America in industrial wealth, found themselves stripped of the steel empire they had built up and controlled since 1704. What is more, misfortune struck them even before President Mitterrand and the left swept into power six years ago. Their steel assets, centred around Sacilor, France's biggest steel group, were taken over by the right-wing administration of President Giscard d'Estaing and Prime Minister Raymond Barre three years earlier.

"We did not even have to wait for the socialists to come to power to be nationalised. Giscard did that," says Baron Ernest-Antoine Seillière, a member of the ninth generation of the Wendel steel barons, now in charge of rebuilding the family fortunes. "The government took all the steel and left us with all the other offshoots which include a myriad of small companies and diverse assets."

Giscard was prompted to take over Sacilor by its increasingly heavy debts, the economic recession, the political climate before the 1978 general election and his fear that he would lose.

The "leftovers," which nonetheless included a 50 per cent stake in the now bankrupt Creusot-Loire engineering group and a series of other companies employing a total of 40,000 people, were put together by the Wendels in a new company named Compagnie Generale d'Industrie et de Participations (CGIP). Seillière, a debonair diplomat whose mother was a Wendel, was called in by his uncle Count Pierre Celier to help him put the new group on its feet again.

"We purposely chose the blandest possible name because the last thing we wanted was to attract attention. At the time, all the old legends, phantoms and prejudices against the family were still very much alive. Although the last time we cast a cannon was in 1810 for Napoleon before his ill-fated Russian campaign, we continued to be called marchands de canons," the 49-year-old baron remarks in the elegant corporate dining room of CGIP.

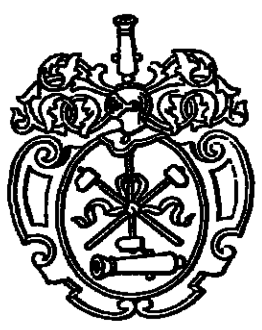
There was also widespread suspicion that the Wendels had done well out of the steel nationalisation and that they had been left with the family jewels. "One of the assets which was kept and absorbed by the new CGIP group was a Dutch company called Orange-Nassau," explains Pierre Abadie de Madieres, the public relations director of CGIP.

The Dutch subsidiary, formed after the closure of the Wendels' coalmine interests in the Netherlands, invested in North Sea oil and gas, US venture capital and property. It became what Seilliere describes as "an international platform" for CGIP. "But at first some people inevitably thought it was some shady outfit in the Bahamas because of the name," remarks Abadie de Madiares.

Indeed, the mixed bag of assets and industrial interests with which the Wendels were left was in dire need of restructuring. With the help of bankers Lazard Frères, Seillière set out to make an inventory of these assets and launch a business recovery plan. To finance the restructuring, which cost FFr 1.3bn (£134m) over an eight year period, assets, including family properties, forests and chateaux, were sold. Businesses were pruned and the workforce was dramatically cut down from 40,000 in 1978 to 12,000 last year.

But the radical restructuring has borne fruit. CGIP which was capitalised only at about FFr 500m nine years ago now has a bourse capitalisation of between FFr 8bn-FFr 9bn. The stock price has been steadily rising as have the profits—which increased 30 per cent to FFr 610m last year from FFr 467.2m the year before.

While restructuring the group's traditional industrial interests, including the Carnaud tinplate, metal and plastic packaging group and the Cedest cement and fertiliser company 51 per cent controlled by CGIP, Seillière and the new managers he recruited also sought out new sectors for the group. Again with the help of Lazard, he acquired for only FFr 200m a 33 per cent stake in *Cap Gemini, the fast growing* French data processing service company with annual sales today of FFr 3bn. Cap Gemini has become one of the most talked about recent international success stories of French industry.



A long tradition as ironmasters is reflected in the Wendel family coat of arms—but the last cannon was made in 1810 for Napoleon

One of the secrets of Seillière's success in turning around the old Wendel empire is to have entrusted the main subsidiaries of the group to hard-nosed industrial managers who have been able to return to profit loss-making operations in dire need of restructuring. This was especially the case with Carnaud where Jean-Marie Descarpentries, a former McKinsey & Co consultant, has managed to restore the profitability of the packaging group which lost FFr 159m on sales of FFr 4.6bn in 1981. Carnaud reported a net profit of FFr 192m on sales of FFr 6.6bn in 1985. The group saw its profits continue to rise by more than 20 per cent last year.

Although Seillière had no industrial experience when he first entered the group, he learned the ropes by spending time at industrial plants and subsidiaries of the group. But while actively restructuring the traditional parts of the family business, he also looked out for opportunities in new fields.

"Seillière often likes to give the impression of being an urbane and relaxed business manager and plays on his aristocratic charm," says one of his industrial associates. "He knows how to delegate but he is also a tough manager. He has managed to revive team *spirit but he will intervene if* he thinks things are being badly or wrongly handled in a subsidiary," he adds.

Seillière acknowledges that the move into high tech worried many of the traditional family shareholders who were more familiar with the large capital intensive heavy investments of the steel industry. Nevertheless, he believes the purchase of Cap Gemini was a "stroke of luck. It has not only been financially profitable for us but also psychologically important, helping to boost and renew our image."

At the same time as developing traditional and new industrial activities, CGIP has also expanded its financial and banking operations. But perhaps the crowning moment of the group's recovery came last year when Edouard Balladur, the conservative finance and economy minister, turned to the Wendels to help protect France's interests in the takeover saga of Valeo, the country's leading car components group, by Carlo de Benedetti.

The Italian financier and entrepreneur ended up buying a 19.3 per cent stake in Valeo and gaining management control of the French company. To safeguard the "Frenchness" of the car components group CGIP took an initial 10 per cent interest in Valeo, since reduced to 8.5 per cent.

But Seillière did not have to pay any cash for the Valeo stake. Instead he seized the opportunity to transfer to Valeo some of his group's remaining steel interests, including subsidiaries which manufactured steel components for the motor industry. "It made industrial sense since these activities needed the critical size which Valeo and de Benedetti can now provide," he says.

In French industrial history few if any, industrial dynasties have survived so long. And probably none has lived through such a regular sequence as the Wendels. Several times the family was dispossessed of its mighty industrial interests but each time it recovered them again—transforming and developing them by adapting to new technologies and innovation.

Established in Lorraine during the reign of Louis XIV, the Wendels lost their steelworks during the French revolution. They bought them back after the revolution and expanded them until the family interests were split by the Franco-Prussian war in the 19th century.

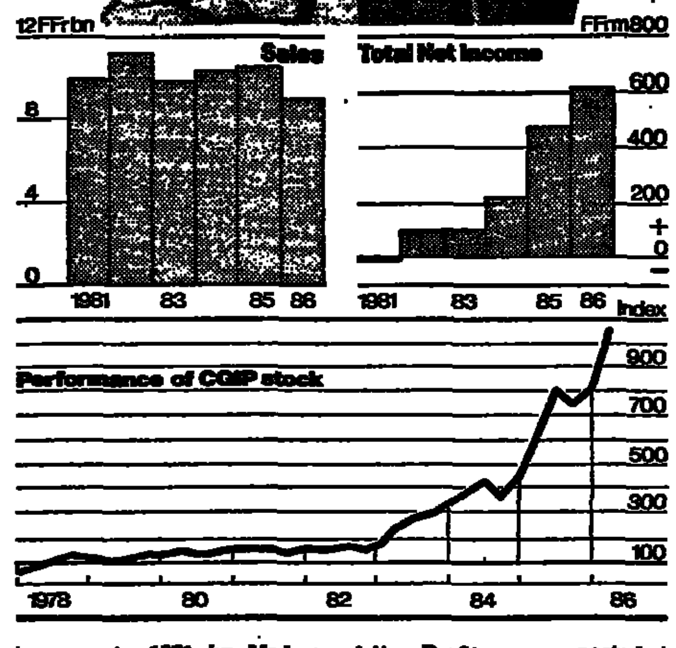
During the First World War their interests fell into German hands, then were returned to France after the war, before becoming German again during the Second World War. They subsequently repossessed and rebuilt their steel industry in Lorraine after the Second World War, before Giscard stepped in during the 1978 steel crisis.

Technology has been a common theme in the family's resilience. After introducing coke smelting in France in the 18th century, the Thomas converter technique in Lorraine in the 19th century, the transformation of coal into coke and the continuous rolling of flat steel products in Lorraine in the course of this century, the Wendels have now branched out into the new data processing services business in which France is gaining a lead.

The ability of the Wendels to adapt in the past to new technologies in the steel sector reflects the deep commitment to the industry throughout subsequent generations of Wendels.

Under the circumstances, it is not surprising that Seillière speaks of the Wendels' "sense of industrial destiny." During the recent turmoils, the family shareholders have shown complete solidarity, he says. They are still grouped in a company called "Les petits-fils de Francois de Wendel et Cie" formed at the time of the Franco-Prussian war in 1871 by Madame Francois de Wendel to protect the family interests.

Baron Ernest-Antoine Seillière
Chief Executive




Today there are about 360 family shareholders who through "les petits-fils" control another holding, Marine Wendel, which in turn owns 45.3 per cent of CGIP. Twice a year the family shareholders meet together and once a year Seilliere hosts a family cocktail party. To protect the family interests even further, family members are supposedly not allowed to sell their shares except to another Wendel.

Seillière, a product of the elite Ecole Nationale d'Administration (ENA) and Harvard who worked in the French foreign ministry and was an aide of former Prime Minister Jacques Chaban-Delmas, is now looking out for further acquisition opportunities.

Seillière would eventually like to acquire a new business which would add a further FFr 2bn a year in annual sales to his group. CGIP has the means and a healthy balance sheet for a new acquisition to diversify its industrial portfolio. Profits are expected to *rise again this year. The Paris* stockbrokers Tuffier-Ravier estimate earnings excluding minority interests to increase by about 37.5 per cent this year over 1986 to about FFr 550m. Last year profits excluding minority interests amounted to FFr 406.7m while overall group profits including minority interests totalled FFr 610m.

But if his group now has all the trappings of a modern, aggressive decentralised and diversified financial and industrial concern, it also retains a distinctly Wendel family touch.

The atmosphere in the recently refurbished headquarters of CGIP is more akin to a discreetly elegant Paris "hotel particulier" with its little gardens, its grand staircase, its long empty corridors where the silence is only interrupted by the ticking of a grandfather clock. "Visitors are often amazed by the silence and calm of this building and the apparent absence of any living souls," says Abadie de Madieres.

## Management abstracts

**Growth prospects in Korea.** H. Thomas in Accountancy (UK), Nov 86 (2 pages)

Discusses the fast-expanding business environment of South Korea and the opportunities for overseas companies either to set up there or form joint ventures; stresses that cultural differences are a major factor to understand, provides some useful contacts for further information, and reports on how pharmaceuticals company, Glaxo, has developed its Korean business.

**Burton dresses its accounts.** R. Clifton in Accountancy Age (UK), Jan 22 1987 (1 page)

Describes the Burton Group's annual accounts as "looking like a cross between a mail-order catalogue and Cosmopolitan," with a magazine-like contents page, many pictures and few words; goes on to be somewhat critical of the substance as well as the style.

**Managing the career break.** W. Knowles in Business Graduate (UK), Jan 1987 (6½ pages)

Discusses, against the background of sex discrimination legislation, the benefits to women employees and their employers of properly structured career break policies to cover child-rearing commitments. Outlines policies followed by—inter alia—National Westminster Bank, ICL, and Rank Xerox, and provides a checklist of elements that a scheme should contain. Examines alternative arrangements for re-entry into employment after the break—such as part-time work on job sharing, and glances at the need for updating training during the career break.

**Owner/drivers: cost effective transport.** K. Lynn in Accountancy Ireland, Dec 1986 (2 pages)

Argues the case for not having a company fleet of vehicles but subcontracting to self-employed owner/drivers; points to the lower fixed costs which are only incurred when revenue is generated. The author is general manager of TNT in the Republic of Ireland, and speaks from personal experience. He has found that the company can assist the owner/driver by providing minimum levels of working, financial advice and guarantees, and that the ultimate test of customer service also improves.

*These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.*

THE PROPERTY MARKET By PAUL CHEESERIGHT

# Pondering the Government's parting shot

THE PROPERTY industry is pondering the effects of one of the outgoing Government's last planning decisions: the changes to the Use Classes Order. And they will be pondering for a good while yet—until they can get some idea of how local authority planners will implement what the Government decided.

The new Use Classes Order came into effect on Monday. From the Government's point of view, the changes, the first since 1972, are measures of deregulation.

The Use Classes Order restricts the type of activities that can take place within a certain property. If a building is being used as an art gallery the owner cannot decide to turn it into a factory without planning permission. So the broader the category of use granted to a certain building, the greater the freedom of the occupier to change the activity within it.

The object of the new order, as the guide shows, is to make it easier for occupiers to use their buildings more flexibly. The Government sees it as another way of lifting the burden off business.

The main change is to recognise that the lines between light industrial, office and research and development activities have become blurred. "The old hi-tech use class was neither fish nor fowl," says Mr Peter Hunt, managing director of Land Securities.

So the Government has set up a new business class which means that a light industrial building can be turned into offices, or have a proportion of offices within it, without the need to obtain planning permission first.

Essentially this is clearing up a planning mess. As Ian Flanagan of Hillier Parker, chartered surveyors, notes: "Legislation is usually something which clarifies what the market has started to move into."

The industry has generally welcomed the changes, which have in any case been on the stocks for a year or so. But few think the world is going to change overnight.

There are the obvious constraints. The first is that a developer cannot change the use of a building with the existing tenant stil inside. "Buildings have to become tenant-free," observes Graeme Elliot, vice-chairman of Slough Estates.

The new order "attaches to existing planning consents," says Michael Spurr, property manager at Brixton Estate. "But you can foresee an advantage in the reversion." Anyway, he says, a lot depends on the planners. And the planners still have control over the alteration of buildings.

"We are already seeing local authorities, as with any new legislation, pressing the old green button of their defence mechanisms," Mr Flanagan adds.

Their power to do so worries Titmuss Sainer and Webb, the solicitors who, with Fuller Peiser, chartered surveyors, believe there is a loophole in the order that could hold back the flexibility the Government is seeking to achieve.

This is a test which says that all aspects of use in the new business class must be capable of being carried out "in any residential area without detriment to the amenity of that area by reason of noise, vibration, smell, fumes, smoke, soot, ash, dust or grit."

For Roger Bullworthy of Titmuss, "the principle of the change is marvellous, but there is no reason for the test—the words are so wide." So wide that even if the premises do not adjoin a residential area, individual consideration would have to be given to each and every user of the premises in the business class.

But it all depends on interpretation by the local authorities. Beyond this legal point though, the new order is unlikely to induce change against the tide of the market.

One clear stimulus is for the spread of business parks. "There is a prospect that there will be more office business parks, but only where the environment is conducive to that use," suggests Andrew Strang, surveyor for the Hill Samuel Property Unit Trust.

The extent to which industrial buildings will be suitable for offices is unclear, Mr Hunt notes, but "the light industrial areas of the cities will help to improve the office supply." The concomitant of that is that light industrial areas could be forced out of city centres, especially London.

Leaving aside the Titmuss caveat, it can be argued that local authorities which have fought the conversion of light industrial premises will now find their powers of intervention cut.

Stuart Robinson, Hilliar Parker's planning specialist, says: "There is already a strong market in London for industrial-type buildings as studio offices for the emerging services sector and this will be given unprecedented freedom by the new Use Classes Order."

This points to the revaluation of buildings at least in areas where light industrial premises are adjacent to commercial districts. But, piling hypothesis on hypothesis, the effects of this on the industrial market could be significant.

King and Co. chartered surveyors, have just completed one of their regular four-monthly surveys of industrial property vacancies, and this shows how rapidly space is being taken up in the south-east.

Mr Malcolm King advocated that the south-east planners should designate areas for standard warehouses and industrial units where the office content is limited to 20 per cent. He likes the greater freedom of the new order but warns: "This unfortunately will only exacerbate the shortage of standard units much needed by industry."

## ACCELERATING A CHANGE OF IDENTITY

CHANGES in the Use Classes Order seem most likely to affect areas where identity is already changing, to hasten a process which is already underway. The Fleet Street district of London is one. Here the departure of the newspaper industry is opening the way for new office accommodation.

Great Portland Estates has 250,000 square feet of property north of Oxford Street in London. "Wholesale change is not immediate," says Richard Peskin, the chairman, but he points out that the traditional association of the district with the clothing industry is out of date. There are already many studios.

The planning negotiations with Westminster City Council would be easier because of the USE Classes Order. "You cannot have an industrial policy for the area if there is no light industry any more."

So Mr Peskin will be looking for opportunities to apply the new order as properties become vacant. The rewards are considerable because rents could go up from £10-£12 a square foot to £18-20.

In a rather different environment, Slough Estates is having a hard look at the Berkshire industrial estate which gave the company its name. "We can start selecting the better sites—the Bath Road frontage—to enable us to put in offices. This will not affect what is built in the middle of the estate, but it will lift the estate generally."

Change is going to be gradual, however. The company needs possession of the buildings.

All this involves siphoning off commercial activity from one district to another, one area to another. In this connection, Mr Chris Thorne at Henry Butcher, chartered surveyors in Bristol, argue that Bristol planners will be forced to drop their reluctance to agree to office development. This could end up drawing companies into Bristol which might otherwise have gone to Milton Keynes, Swindon and Cardiff.

### Guide to the use classes order

| USE CLASSES ORDER 1972 | 1987 |
|---|---|
| CLASS I Shops, retail warehouses, hairdressers, undertakers, travel and ticket agencies, post offices etc. Pet shops, catsmeat, tripe shops, sandwich bars. Showrooms, domestic hire shops. | CLASS A1 Shops |
| Shops selling and/or displaying motor vehicles, launderettes, dry cleaners, taxi businesses, amusement arcades. | SUI GENERIS |
| CLASS II Banks, building societies, estate and employment agencies, professional services. Betting offices. | CLASS A2 Financial and professional services |
| Restaurants, pubs, snack bars, cafés, wine bars, shops for sale of hot food. | CLASS A3 Food and drink |
| CLASS II Other offices, research and development, studios, labs. CLASS III Light industry. | CLASS B1 Business |
| CLASS IV General industry. | CLASS B2 General industrial |
| CLASS V-IX Special industrial groups. | CLASS B3-7 Special industrial groups |
| CLASS X Wholesale warehouses, repositories. | CLASS B8 Storage or distribution |
| CLASS XI Hotels, boarding and guest houses, old people's homes not providing care and maintenance. | CLASS C1 Hotels and hostels |
| CLASS XII Residential schools and colleges. CLASS XIV Hospitals and convalescent/nursing homes. | CLASS C2 Residential institutions (7 or more residents) |
| Dwellings, small businesses at home, communal housing of elderly and handicapped. | CLASS C3 Dwelling houses |
| CLASS XIII Places of worship, church halls. CLASS XV Clinics, health centres. CLASS XVI Museums, public halls, libraries, art galleries. Non-residential education and training centres. | CLASS D1 Non-residential institutions |
| CLASS XVII Theatres. | SUI GENERIS |
| CLASS XVII Cinemas, concert halls. CLASS XVIII Dance and sports halls, baths. Other indoor and outdoor sports and leisure uses, bingo halls, casinos. | CLASS D2 Assembly and leisure |

Source: Hillier Parker

## *International Property*



## *Legal Notice*

FIRMACHROME PLATING CO. LTD.

We, Anthony James Wood and David John Stokes of Cork Gully, 14 Cross Burgess Street, Sheffield S1 1QA were appointed administrative receivers of FIRMACHROME PLATING COMPANY LIMITED (Registered number 292865) by Barclays Bank PLC on 28 May 1987.

D. J. STOKES
Joint Administrative Receiver

FIRMACHROME (ABERDEEN) LIMITED

We, Anthony James Wood and David John Stokes of Cork Gully, 14 Cross Burgess Street, Sheffield S1 1QA were appointed administrative receivers of FIRMACHROME (ABERDEEN) LIMITED (Registered number 1548267) by Barclays Bank PLC on 28 May 1987.

D. J. STOKES
Joint Administrative Receiver

# *Company Notices*

**Gencor Group**
Gold Mining Companies

## DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to members registered at the close of business on 19 June 1987.

The registers of members of the companies will be closed from 22 June 1987 to 3 July 1987, both days inclusive.

The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in Sterling at the rate of exchange ruling on 28 July 1987 or the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 7 August 1987.

In the case of non-resident shareholders, taxation of 15 per cent will be deducted.

The full conditions of payment may be inspected at or obtained from the London office of the companies or the offices of the transfer secretaries.

Dividends on shares included in share warrants to bearer of West Rand Consolidated Mines Limited, will be paid in terms of a notice to be published as soon as possible after the currency conversion date.

| The companies mentioned are incorporated in the Republic of South Africa | Class of share/stock unit | Dividend number | Description | Amount per share/stock unit (cents) |
|---|---|---|---|---|
| **Beatrix Mines Limited** Company No. 77/02138/06 | Ordinary | 4 | Interim | 30 |
| **Buffelsfontein Gold Mining Company Limited** Company No. 05/33934/06 | Ordinary | 60 | Final | 300 |
| | Preference | 4 | Final | 117 |
| **Marievale Consolidated Mines Limited** Company No. 05/06778/06 | Ordinary | 94 | Interim | Nil |
| **St. Helena Gold Mines Limited** Company No. 05/20743/06 | Ordinary | 64 | Interim | 110 |
| **Stilfontein Gold Mining Company Limited** Company No. 05/33412/06 | Ordinary | 66 | Interim | 40 |
| **The Grootvlei Proprietary Mines Limited** Company No. 01/02088/06 | Ordinary | 97 | Interim | 30 |
| **West Rand Consolidated Mines Limited** Company No. 01/01978/06 | Ordinary | 111 | Interim | 20 |

**Note:**
Chemwes Limited, the company in which Stilfontein and Buffelsfontein hold an 80 and 20 per cent share respectively, declared an interim dividend of R7 million.

By order of the boards
per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines

**London Transfer Secretaries:**
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

30 Ely Place
London EC1N 6UA

4 June 1987

**Caisse Centrale de Coopération Economique**

**FF 600,000,000 Guaranteed Floating Rate Notes Due 1993**
with warrants to acquire by exchange or purchase up to FF 600,000,000 7⅝% Guaranteed Bonds due 1993

In accordance with the description of the Notes, notice is hereby given that for the interest period from June 5, 1987 to September 7, 1987, the Notes will carry an interest rate of *8⅝% per annum.*

The interest payable on the relevant interest payment date, September 7, 1987 will be FF 225.21 per Note of FF 10,000 nominal and FF 2,252.08 per Note of FF 100,000 nominal.

The Agent Bank
KREDIETBANK
*S.A. LUXEMBOURGEOISE*

NOTICE OF PURCHASE
BOWATER INDUSTRIES PLC
9¼% Bonds due 15th May 1992

NOTICE IS HEREBY GIVEN to bondholders that US $2,000,000 nominal amount of the above issue was purchased in the market in the period prior to 15th May 1987 and applied in respect of the seventh mandatory redemption instalment payable on that date.

Bowater Industries plc
Bowater House
Knightsbridge
London SW1X 7NN

**THE RIO TINTO-ZINC CORPORATION PLC**
NOTICE
To holders of Warrants to Bearer

*ORDINARY SHARES OF 25P EACH*

NOTICE IS HEREBY GIVEN THAT a Final dividend of 16.5p per Share will be paid on the 1st July 1987 in respect of the year ended 31st December 1986. Payment of this dividend will be made after presentation of Coupon No. 55 at any of the undermentioned offices of payment.

3.5% "B" CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN THAT a dividend of 1.75p per Share will be paid on the 1st July 1987 in respect of the half-year ending 30th June 1987. Payment of this dividend will be made after presentation of Coupon No. 50 at any of the undermentioned offices of payment.

OFFICES OF PAYMENT

The Rio Tinto-Zinc Corporation PLC, (Registered Office), 6 St. James's Square, London SW1Y 4LD

L'Européenne de Banque, 21 Rue Laffitte, 75428 Paris, France

Generale de Banque, 3 Montagne du Parc, 1000 Brussels, Belgium

Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg

Union Bank of Switzerland, Bahnhofstrasse 45, CH 8021 Zurich, Switzerland

The Rio Tinto-Zinc Corporation PLC, (Transfer Office), Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT

Banque Bruxelles Lambert S.A., 24 Avenue Marnix, 1050 Brussels, Belgium

Banque Generale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg

Societe de Banque Suisse, CH 4002 Basle, Switzerland

Credit Suisse, Secretariat 2, 8021 Zurich, Switzerland

Under the imputation tax system in force in the United Kingdom these dividends will be payable without deduction of United Kingdom Tax and for Shareholders resident in the United Kingdom will carry a tax credit calculated by reference to the basic rate of income tax applicable at the date of payment. Where a double tax agreement so provides, Shareholders resident outside the United Kingdom will obtain a tax credit, against which some United Kingdom Tax may fall to be offset.

Coupons, which must be listed on special forms, which can be obtained on or after Monday 8th June 1987 at any of the above offices, may be deposited on or after Monday 15th June 1987. Coupons presented for payment in the United Kingdom must be left FIVE CLEAR DAYS for examination.

Shareholders should note that under the Company's Articles of Association, provision is made for the forfeiture of the above dividends if not claimed within 12 years from the date of declaration.

6 St. James's Square,
London SW1Y 4LD
4th June 1987

By Order of the Board,
F. S. WIGLEY
*Secretary*

**RAND MINES LIMITED**
(Formerly Transvaal Consolidated Land and Exploration Company Limited)
(Incorporated in the Republic of South Africa)
Registration No. 01/00656/06
A Member of the Barlow Rand Group

RAND MINES

PAYMENT OF COUPON NO. 96

With reference to the Company's interim report and dividend notice advertised in the press on 8th May 1987, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the Company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 1st June 1987.

Payment will be made against Coupon No. 96 on or after 1st July 1987 in U.K. currency at the Securities Department of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX, *or in French currency at* Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the Securities Department of Hill Samuel & Co. Limited unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deductions are made the net amount of the dividend is as follows:—

| | South African Currency per share Cents | U.K. Currency Equivalent per share Pence |
|---|---|---|
| Amount of dividend declared | 105.00 | 31.88340 |
| Less: South African non-resident Shareholders' tax at 15% | 15.75 | 4.78251 |
| | 89.25 | 27.10089 |
| Less: U.K. Income tax at 12% | | 3.82601 |
| | | 23.27488 |

Secretaries of the Company in the United Kingdom:
Charter Consolidated Services Limited
40 Holborn Viaduct
London EC1P 1AJ

5th June 1987

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state:

Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 12% instead of at the basic rate of 27% represents an allowance of credit at the rate of 15%.

# *Public Notices*

CLAIMS NOTICE

JERSEY CONTRACTORS (1981) LIMITED
(In Voluntary Liquidation)

ALL PERSONS HAVING CLAIMS against Jersey Contractors (1981) Limited (In Voluntary Liquidation) of Don Bridge, Pont Marquet, St Brelade, Jersey, Channel Islands, are requested to send detailed statements of the same within ten days of this date to the liquidator MR L. R. CRAPP, LA MOTTE CHAMBERS, ST HELIER, JERSEY, CHANNEL ISLANDS, and all persons INDEBTED to the said company are requested to settle with the said liquidator within the same period.

L. R. CRAPP
Liquidator

5 June 1987

THE BURMAH OIL
PUBLIC LIMITED COMPANY

In a Petition presented to the Court of Session on 1st June 1987, at the instance of The Burmah Oil Public Limited Company, incorporated under the Companies Acts 1862 to 1900 and having its Registered Office at Savoy Tower, 77 Renfrew Street, Glasgow G2 3BY, for confirmation of reduction of capital, the Court has now pronounced the following interlocutor:— "Edinburgh, 3rd June 1987. The Lords appoint the Petition to be intimated on the walls and in the Minute Book in common form and to be advertised once in the Edinburgh Gazette, and once in each of the Scotsman, Glasgow *Herald and Financial Times newspapers* and appoints all parties claiming an interest to lodge Answers thereto, if so advised, within fourteen days after such intimation and advertisement." All of which intimation is hereby given.

R. N. THOMSON
Brodies, W. S.
Solicitors for Petitioners



## *Art Galleries*



## *Clubs*



## *Personal*

# THE ARTS

## Arts Week

| F | S | Su | M | Tu | W | Th |
|---|---|---|---|---|---|---|
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |

## Theatre

### LONDON

**Les Liaisons Dangereuses** (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel remains in London with Jonathan Hyde and Eleanor David replacing new toasts of Broadway Alan Rickman and Lindsay Duncan. (836 6111 or 836 1171).

**Woman in Mind** (Vaudeville): Pauline Collins and Michael Jayston now lead a new cast in Alan Ayckbourn's bleakly ingenious comedy about a housewife fantasising the ideal family on the back lawn. (836 9987/5645).

**High Society** (Victoria Palace): Dramaturgically sound but musically weak conflation of film, play and assorted Cole Porter hits directed with punch but little taste by Richard Eyre, director designate of the National Theatre. Stephen Rea notably charming in the Sinatra role, Natasha Richardson uncowed by Grace Kelly as the ice maiden who melts (834 1317/838 4735).

**Antony and Cleopatra** (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

**Macbeth** (Barbican): Jonathan Pryce is a wolfish, blood-curdling Macbeth in Adrian Noble's exciting production for the BSC. It plays in repertoire with Jeremy Irons' inconclusively wimpish Richard II and a rough and tumble modern-dress Romeo and Juliet. Best in the BSC's Barbican Pit is Janet McTeer leading a fine ensemble in Worlds Apart by Cuban playwright Jose Triana.

**The Phantom of the Opera** (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

### NETHERLANDS

**Amsterdam**, Carré. The Grips Theater from Berlin with Volker Ludwig's Linie 1, a rock musical set in the Berlin Underground directed by Wolfgang Kolneder (Wed, Thur). (22 52 25).

**Amsterdam**, De Krakeling (Nieuwe Passeerdersstraat 1). Munich's Theater der Jugend with Die Geschichte vom Onkelchen, a mime play about two lonely children brought together by a dog (Sa, Sun, 2 perfs. each). (24 51 23).

### NEW YORK

**Fences** (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221–1211).

**All My Sons** (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**I'm Not Rappaport** (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

**Big River** (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

**Les Miserables** (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

**Starlight Express** (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

### CHICAGO

**Sunday in the Park with George** (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 2 (443 3800).

## Music

### LONDON

**Nathan Milstein**, violin. Bach, Beethoven and Milstein arrangements. Royal Festival Hall (Mon). (928 3191).

**Royal Philharmonic Orchestra** conducted by Pinchas Zukerman, violin with Shlomo Mintz violin and viola. Bach, Mozart and Berlioz. Royal Festival Hall (Tue)

**Berlin Philharmonic Orchestra** conducted by Herbert von Karajan. Brahms. Royal Festival Hall (Wed).

**London Mozart Players** conducted by Jane Glover.. Mozart, Dittersdorf and Haydn. Queen Elizabeth Hall (Wed). (928 3191).

**Philharmonia Orchestra** conducted by Sir Colin Davis with Radu Lupu, piano. Brahms and Vaughan Williams. Royal Festival Hall (Thur).

**London Symphony Orchestra** conducted by Paul McRae with Joanna McGregor, piano. Berlioz, Grieg, Dvořák. Barbican Hall (638 8891).

### PARIS

**Joan Sutherland**, soprano, Richard Bonynge, piano (Mon). Paris Opéra (4742 6727).

**Ensemble Orchestral de Paris** conducted by Armin Jordan, Jean-Pierre Wallez, violin, Philip Bride, violin solo: Ravel, Saint-Saens, Roussel (Tue). Salle Pleyel.

**Pierre Hommage**, violin, Giuliana Gulli, piano: Magnard, Brahms, Beethoven (Tue). Salle Gaveau.

**Rossini**, Berlioz, Beethoven played by the French Oratorio Choir and Orchestra (Wed). Saint-Roch Church.

**Homage to Ravel** – Chamber music: Quatuor Alban Berg, Radio France Choir, Bruno Rigutto, Gabriel Tacchino, piano, Theodor Paraskivesko, piano (Mon 8.30pm). L'Heure Espagnole, one-act opera in concert version performed by the Lyons National Orchestra conducted by Serge Baudo (Tue, Wed 8.30pm). Ravel Melodies (Thur 8.30pm), TMP-Châtelét (4233 4444).

**Orchestre de Paris** in co-production with the Ensemble Intercontemporain conducted by Myung Whun Chung, Pierre Amoyal, violin: Arnold Schoenberg, Alban Berg, Igor Stravinsky (Thur). Salle Pleyel.

**Paris Opera Soloists' Concert:** Mozart, Händel, Haydn (Thur). Opéra Comique.

### NETHERLANDS

**The Hague**, Congresgebouw. The Hague Philharmonic conducted by Michel Plasson, with Christian Zacharias, piano: Von Weber, Beethoven, Chausson (Thur). (54 80 00).

**The Netherlands Philharmonic** with choir and vocalists in a Beethoven concert conducted by Anton Kersjes. Wed in Amsterdam, Concertgebouw (71 83 45), Thur in Utrecht, Vredenburg (31 45 44).

**A Steve Reich concert** (Desert Music and Tehillim) with Reinbert de Leeuw conducting the Schönberg Ensemble, The Hague Percussion Group, the BBC Singers and vocalists. Mon in Amsterdam, Carré (225 225), Tue in The Hague, Royal Conservatory (81 42 51).

### NEW YORK

**Julliard Concerts** (IBM Gallery): Ocean Wind Trio. Haydn, Mozart, Strauss (Wed, 12.30). 56th & Madison.

### WASHINGTON

**National Symphony** (Concert Hall): Last concert of the season Mstislav Rostropovich conducting and Choral Arts Society of Washington directed by Norman Scribner. All-Britten programme (Tue). Kennedy Center (254 3776).

**Gershwin Celebration** (Opera House): Two musical collaborations by the Gershwin brothers, Ira and George, Of Thee I Sing and Let'em Eat Cake, are performed as concerts featuring Maureen McGovern and Jack Gilford. Ends June 13. Kennedy Center.

### CHICAGO

**Chicago Symphony** (Orchestra Hall): Last concert of the season Klaus Tennstedt conducting. Mahler (Thur). (435 8111).

### TOKYO

**Reiko Sato**, piano. Bach, Beethoven, Schumann. Tokyo Bunka Kaikan, Recital Hall (Tue). (232 1016).

**Takeshi Kitamura**, tenor: piano, Nana Hamaguchi. Ravel. Lutheran Inchgaya Centre (Tue). (573 3588).

**NHK Symphony Orchestra** conducted by Yoko Matsuo, with Teiko Maebashi, violin and Hiroko Nakamura, piano. Stravinsky, Beethoven, Brüch. Suntory Hall (Wed). (980 6060).

**Vienna Clarinet Ensemble.** All-Mozart programme. Tokyo Bunka Kaikan Recital Hall (Wed). (449 8477, 8451).

**Japan Philharmonic Symphony Orchestra**, conducted by Akeo Watanabe, with Kei Itoh, piano and Naomi Matsui, organ. Mozart, Saint-Saëns, Respighi. Suntory Hall (Thur). (234 5911).

## Opera and Ballet

### LONDON

**Royal Opera**, Covent Garden: Placido Domingo returns to the Royal Opera's La Bohème (he was the first Rodolfo of the Copley production, in 1974), alongside Ilona Tokody, Thomas Allen, and Rosamund Illing (house debut); Giuseppe Patane conducts. Another revival of the house's mildly amusing Barbiere di Siviglia introduces Lucia Valentini-Terrani, Leo Nucci, and Paata Burchuladze to London in these roles; Gabriele Ferro, an excellent Rossinian, returns to the production. Further performances of the new Manon, with Julia Migenes and Neil Shicoff, conductor Jeffrey Tete. Performances June 8-13 form the latest series of Midland Bank-sponsored Proms, with 700 standing places made available in the stalls.

**English National Opera**, Coliseum: Shostakovich's Lady Macbeth of Mtsensk, in the new production by David Pountney conducted by Mark Elder, is one of the most spectacular shows the company has put on in recent times. Josephine Barstow, giving one of the greatest performances of her career, leads a splendid cast. Two other Pountney productions, both of them rather less rewarding artistically, continue in repertory: the rubbish-dump Carmen, with Jean Rigby and Arthur Davies; and the Gerald Scarfe-designed Orpheus in the Underworld.

### PARIS

**Merce Cunningham Dance Company** followed by Hamburg Opera's ballet with John Neumeier. America's most European neo-classical choreographer Theatre de la Ville (42742277)

**Der Fliegende Holländer** followed by American choreographers' soirees – Karole Armitage, Alwin Nikolais, David Parsons, Daniel Ezralow, William Forsythe. Paris Opéra (42665022).

**Boris Godunov** in a grandiose performance by artists of the Warsaw Opera at the Palais des Congres (4156 1333).

### WEST GERMANY

**Frankfurt**, Opera: Eugen Onegin has Benjamin Luxon, brilliant in the title role. Don Giovanni, conducted by Peter Hirsch brings Faye Robinson, Susan Roberts, Benjamin Luxon and Franz Mayer together. Parsifal in Ruth Berghaus' production with Gail Gilmore, Walter Raffeiner and Manfred Schenk. Die Soldaten returns with Nan Christie, Ilse Gramatzki, June Gard and William Workman. Busoni's rarely played Doktor Faust features Günter Reich in the title role beside William Cochran, June Card and Heinz Hagenau singing other parts. Die verkaufte Braut rounds off the week.

**Cologne**, Opera: Das schlaue Füchslein, newly produced by Harry Kupfer, has fine interpretations by Roland Hermann, Eva Tamassy, Janice Hall and Randall Outland. Tannhäuser is an event of more than passing interest with Wolfgang Brendel, Klaus König, Mathias Hölle, Nadine Secunde and Valentin Yahr. The week also features Andrea Chenier.

**Stuttgart**, Württembergisches Staatstheater: The Magic Flute has Raili Viljakeinen, Matthias Hölle, Peter Schreier and Raymond Wolansky. Martha is a well done repertoire performance. Madame Butterfly has Maria Russo, Carmen Mammoser and Wolfgang Schöne in the main parts. Also offered Die Fiedermaus.

**Munich**, Bayerische Staatsoper: There was much applause for Jean-Pierre Ponnelles' production of Turandot, when it opened. The cast includes Ghena Dimitrova, Mirella Freni, Lando Bartolini and Nicolai Ghiaurov. La Cenerentola stars Doris Soffel, Julie Kaufmann, Claes H. Ansjö and Alberto Rinaldi and the Scala choir. Die Götterdämmerung has a particularly strong cast with Ute Vinzing, Lisbeth Balslev, Brigitte Fassbaender, Rene Kollo and Martti Salminen. The Magic Flute closes the week.

### ITALY

**Milan:** Teatro alla Scala: Hindemith's Cardillac conducted by Wolfgang Sawallisch and directed by Jean-Pierre Ponnelle, with costumes by Pet Halmen. The cast includes Waltraud Meier, Cheryl Studer, Donald McIntyre and Robert Schunk, with the Munich Staatsoper choir. (80 91 26).

**Naples:** Teatro di San Carlo: Santa Lucia: Misha van Hoecke's ballet based on Neapolitan popular songs, danced by the San Carlo Ballet Company, with the Ballet-Theatre l'Ensemble, directed by Roberto de Simone (797 2412).

**Genoa:** Teatro Margherita: Carla Fracci in a much-criticised production by her husband, Beppe Meneghatti of The Three Sisters (589 329).

**Turin:** Teatro Regio: Barber of Seville directed by Michael Hampe, with scenery by Ezio Frigerio and costumes by Mauro Pagano. Bruno Campanella conducts a cast which includes Luciana Serra and Enzo Dara. (548 000).

**Venice:** Teatro al Fenice: Lohengrin conducted by Gustav Kuhn in Pier-Luigi Pizzi's production, with Gail Gilmore, Peter Hofmann, Hans Sotin and Franz Ferdinand Nentqing (710 161).

**Bologna:** Teatro Communale: Pierluigi Samaritani's production of La Rondine conducted by Thomas Fulton, with Fiamma Izzo d'Amico, William Matteuzzi, Paolo Coni and Bruno Beccaria (529 999).

**Florence:** Teatro Communale: (50th Maggio Musicale): Monteverdi's Return of Ulysses conducted by Bruno Bartoletti and directed by Giulio Chazalettes, with scenery and costumes by Ulisse Santicci. The cast includes: James King, Alessandro Verduci, Julia Hamari, Marta Szirmay, Richard Stilwell and Martine Dupuy (277 9236).

### NETHERLANDS

**Amsterdam**, Muziektheater. The Netherlands Opera presents Die Fledermaus, directed by Johannes Schaaf and designed by Andreas Reinhardt, with the Concertgebouw Orchestra under Nikolaus Harnoncourt, the National Ballet choreographed by Jürg Burth, and soloists Brigitte Poschner (Rosalinde), Werner Hollweg (Eisenstein), Christian Boesch (Frank), Eve Lind (Adèle), and Neil Rosenhein (Alfred). (Wed). (255 455).

**Amsterdam**, Stadsschouwburg. The Hamburg Staatsoper with a double bill of Von Zemlinsky operas: Eine Florentinische Tragödie and Der Zwerg. Directed by Adolf Dresen and designed by Margit Blerdy, conducted by Gerd Albrecht, with the choir under Jürgen Schulz. Soloists include Victor Braun, Kenneth Riegel, Elisabeth Steiner, Olive Fredericks and Béatrice Haldas (Tue). (24 23 11).

**Amsterdam**, Soeterijn Theatre (Linnaeusstraat 2). Bantu music and dance from Mozambique (Tue). (56 88 500).

### NEW YORK

**American Ballet Theatre** (Metropolitan Opera House): Cynthia Gregory, Marianna Tcherkassky and artistic director Mikhail Baryshnikov return for the spring season of mixed programmes, including company premieres of Sunset choreographed by Paul Taylor to Elgar and Enough Said, Clark Tippet's choreography to George Perle's music. Lincoln Center. Ends June 13. (362 6000).

**New York City Ballet** (New York State Theater): More than 40 works by Balanchine, Robbins, Peter Martins and other choreographers will be part of the two month-long 86th season, including two new works by Martins set to music by Handel and Michael Torke. Ends June 28. Lincoln Center (870 5570).

## Exhibitions

### LONDON

**The Tate Gallery.** Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

### PARIS

**French Masters of the 19th and 20th century:** From Toulouse-Lautrec's Moulin de la Galette to a rare Gauguin with a landscape of Brittany seen through a luxuriant prism of colours; from a powerful flower composition by Nicolas de Stael to Cezanne's protrait of Madame Cezanne, from a pastel coloured Picasso still life to the most frequently reproduced Degas dancer, the traditional spring exhibition at the Schmitt Gallery can boast not only an exceptionally long list of great names of the period it covers but exceptional quality as well. Galerie Schmit, 396 Rue Saint-Honoré (4260 3636). Closed Sundays and lunch times. Ends July 18.

**Berthe Morisot:** More than 40 oils, pastels, watercolours, crayons and sculptures retrace the development of the woman painter who, influenced at first by Corot, became a friend of the impressionists and took part in their first exhibition. Galerie Waring Hopkins, Alain Thomas, 2. rue Miromesnil (426 55105). Opened all days except Sundays and lunchtime. Ends June 27.

**Raoul Dufy:** mediterranean blues, strawberry pinks, the greens of the paddocks blaze in Dufy's magic universe. The expanses of colour are milling with people – people in restaurants, people at concerts, people and horses at the races. Even the trees are alive with countless leaves, regattas with countless boats. Only the nudes seem oddly uncomfortable. Daniel Malingue, 26 Ave Matignon (4266 6033). Closed Sundays, Monday mornings and lunch times. Ends June 20.

**Maillol.** Dina Vierny, one of Maillol's favourite models, is commemorating the 40th anniversary of her gallery by a homage to the artist who celebrated time and again the robust beauty of feminine forms. Six paintings, 15 pastels and drawings, and sculptures show the diversity of his artistic expression while his inspiration remained solidly rooted in his country origins. Galerie Dina Vierny, 36 Rue Jacob, closed Sun, Mon and lunchtimes. Ends June 13.

**Tanis, The Gold of the Pharaohs:** Part of a dazzling treasure from the tombs of the pharaohs of Lower Egypt is on view in the Grand Palais. Gold, silver and lapis-lazuli funerary masks, pectorals and ceremonial vases were discovered in the late 1930s in the delta of the Nile, in Tanis, the capital of a country torn by internal strife. Yet the relative impoverishment seems to have inspired the royal craftsmen with an elegance whose near-classical restraint appeals to modern sensibility. Grand Palais, closed Tue, Ends July 20 (4289 5410).

**Costume-Coutume.** Where better to stage an exhibition on clothes and their sociological significance than in Paris, whose very name is synonymous with fashion! The imaginatively presented exhibition ranges from the breeches and tunics of ancient Gauls to the rare exhibits from the 18th century – le Habit Français – and to Edith Piaf's legendary little black dress. Grand Palais (Closed Tue, Wed late closing) ends June 15 (4289 5410).

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# THE ARTS

## Jakob Lenz/Almeida Festival

**Andrew Clements**

The four weeks of the Almeida Festival seem more than usually crammed with good things this year: the problem is not choosing events to attend, but sifting out those one can possibly bear to ignore. There is the usual intertwining of thematic strands throughout the season—Carter and Shapey, Ligeti, Schwertsik and Gruber, new Dutch music, Eisler—and the festival was launched on Wednesday night with the first British staging of Wolfgang Rihm's chamber opera *Jakob Lenz*.

Rihm's music is scarcely known in Britain. He is hugely prolific and the pieces that have arrived here—one or two orchestral works, some of the string quartets—have hardly been representative of the range of his development to date. Born in 1952 he belongs to a generation of West German composers that has become unusually polarised between linguistic extremes. Sharing an inheritance from both Henze and Stockhausen, neo-romanticism at one end of the spectrum has been set against complexity at the other, with the tiny poeticised world of Walter Zimmermann offering yet another perspective.

Rihm studied with Stockhausen and Klaus Huber, and his most recent work has moved very definitely towards romantic gestures. *Jakob Lenz*, though, belongs to an earlier, more polyglot phase: it was first performed in 1979 by the Hamburg Opera and was his second chamber opera. It is based upon Büchner's narrative of the same name, which tells the story of the mental disintegration of the 18th-century poet and dramatist (author of *Die Soldaten*, source of the major opera by B. A. Zimmermann) who throughout his life was riven by an obsession with Goethe and his love Frederike Baron.

The action is presented in 13 short scenes, playing for 70 minutes; there are three main characters, Lenz, the pastor Johann Friedrich Oberlin and the *Sturm und Drang* philosopher Christoph Kaufmann, together with a chorus of five singers and three children. It is a text rich in resonance and built most skilfully in dramatic terms towards its highly disturbing climax. Rihm's music is equally direct: a chamber orchestra is used to build sonorities of raw, searing power; the vocal lines veer between *Sprechgesang* and high-tension arioso.

Such powerfully wrought music theatre could not have been sustained across a larger span: the proportions of *Jakob Lenz* seem exactly right. There is a momentary lack of momentum in the penultimate scene, a fault that seems inherent in the construction of the piece rather than a characteristic of this production, which musically and dramatically seems to have been prepared with exemplary thoroughness. Pierre Audi's staging is functional and vivid, though one could imagine an effective presentation that was couched in starker imagery. Richard Bernas's conducting of Music Projects/London is fiercely combative; the raw edges of Rihm's scoring are never at all blunted.

For anyone whose experience of the baritone Richard Jackson has been confined to the cosy world of the concert hall his performance in the title roll will be truly revelatory. It is a deeply affecting portrayal, which rations histrionics and negotiates his lines with considerable skill. The climactic scene with Kaufmann, after which Lenz's only road is to self-destruction, is controlled by Jackson and the tenor Ian Caley with a fine sense of dramatic shape, Nicholas Isherwood contributes a carefully paced, dignified Oberlin, whose attempts to save Lenz from himself fail so completely.

## Carmen/Coliseum

**Paul Driver**

The English National Opera's *Carmen*, a production by David Pountney, was disparaged on these pages by Max Loppert last November, and in revival with numerous changes of cast, I feel that the note to be sounded can still only be disparagement. Like many ENO productions, this one is staged in a deliberately flat manner—what we see from beginning to end is the wide stage of the Coliseum—and we are never allowed to forget the fact. But whereas on occasion such a treatment has signified something about an opera, here it is actually difficult by the half-way point to remember what opera one is actually witnessing. The action is set in a dump of used vehicles multicolorously adorned with graffiti and strewn with bright bits of clothing; in the third act the vehicles are at the rear. That is the substance of the show: the movement of vehicular traffic; complementarily, there is a preposterous excess of human traffic.

Hemmed in by a swirl of variously attired men and women and boys and girls, the central characters — Carmen, Don José, Escamillo, all new to the cast — must enact their little drama in a place that is nowhere, and with the help of production values that are everywhere. At the centre of all the *modernismus*, they must do old-fashioned things like act and sing. It is only in part their fault that they do not do these things very well.

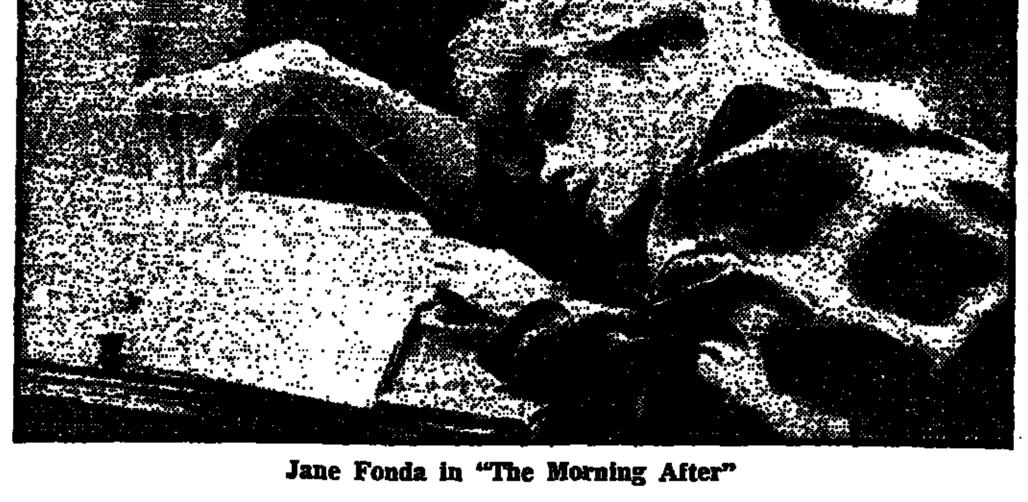
Jean Rigby's Carmen, for example, might have been a decent enough assumption in plainer circumstances where her vocal elegance and strength could make their own plea. There is no natural smokiness in her voice, or innate sexual febrility in her manner, such as are required for the role; and a certain solemnity of her vibrato is only an occasional advantage here. But the attempt to force a torridly sexual presence from her by having her writhe, gyrate, and shed clothes a great deal of the time was misguided and embarrassing.

Arthur Davies's Don José was unconvincingly spoken, prosaically acted, and sung, though powerfully, with moments of shakiness and nothing in the way of memorable intepretive nuance. Rodney Macann's Escamillo was a disappointment; even his Toreador song failed of *éclat;* and he was saddled in his spoken lines by the innopportune jokiness of Anthony Burgess's translation, which elsewhere required the two smugglers (Terry Jenkins and Edward Byles) to turn into a music-hall act.

Peter Robinson conducted a satisfactory account of the score; but the production somehow managed to infect even purely orchestral moments. The Act 3 entracte, the most purely beautiful music in the opera, could not refer the listener movingly back to the characters' predicament and deepen the emotions at stake, because there essentially *were* no characters. It was a passage of isolated beauty in a production of triumphant dullness.

## Cinema/Nigel Andrews

# Who cares whodunnit?



Jane Fonda in "The Morning After"

**The Morning After (15)** Odeon Leicester Square
**Mélo** Renoir
**Ratboy (15)** Warner West End
**Three Amigos! (PG)** Leicester Square Theatre
**Gung Ho (PG)** Plaza
**From Beyond (18)** Scala Kings Cross

"They were grooming me to be the new Vera Miles," says the has-been, hard-drinking film star played by Jane Fonda in *The Morning After*. "The new who?" asks boyfriend Jeff Bridges, in the only half-witty exchange in this dismayingly bad, Los Angeles-set murder thriller.

Ah! the magic world of Tinseltown: where forgotten actresses talk of foreign actresses, unsolved crimes vie with unsolved script problems, and 15 years after *Klute* Miss Fonda is still looking for a movie role worth her attention. The sight of her pulling out all stops in this Oscar-nominated performance has one begging her to push a few stops back in. Overacting is the order of the day as Miss F wakes up one morning to find a stabbed stranger in her bed. Soon she is dashing about LA, fleeing the possibility that she killed him herself. (She is prone to alcoholic blackouts which erase the memory.) During her dashings, she bumps into handsome ex-cop Jeff Bridges, who falls in love with her and tries to help her find out whodunnit.

Thereafter director Sidney Lumet (of *Twelve Angry Men* and *The Verdict*) and writer James Hicks seem to have no idea what to do with the plot and characters except to drive them about L.A. looking for a way out of a cul-de-sac movie project. The denouement can be seen a mile off, and Miss Fonda's semaphore attempts at great acting from even farther away.

This being a Fonda production (from her own company), there is also a bit of social conscience workout. Bridges is a bigot who calls Hispanics "spicks" and blacks "spades." Fonda tries to cure him. And he tries to heal her bruised ego and her addiction to strong beverages.

Not all murder thrillers are thrilling either, and this one is a stretcher-case. As if sensing it, the film tries as final reels converge to fit in romance, comedy, chases, soul-searching, Academy Award acting and up-market photography, full of rose-filtered designer sky-scapes from Andrzej Bartkowiak of *The Verdict*. No harm in trying to fit it all in if you can, as the actress said to the bigot. But to the onlooker, so much effort for so small a result is not a happy sight.

From the ridiculous to the sublime. Despite the cries of those who advocate "opening out" stage dramas for the screen, some of the most bewitching filmed plays have been the most faithful to the spirit of theatre. Hitchcock's *Rope* uncoiled in a single set with only one "cut" in the entire movie. Lumet's *Long Day's Journey Into Night* penned us inside the New England mansion almost as remorselessly as O'Neill's original play. And now Alain Resnais's *Mélo* takes a 1929 French romantic melodrama by Henry Bernstein and slaps it up unchanged on the screen, complete with credit titles on a turning playbill and shots of a red curtain between acts.

Hallelujah! What the "opening out" advocates forget is that a play filmed straight can become positively surreal when transferred to the screen, whereas a play opened out often opens itself out only to banality. It is 15 minutes before the camera moves in *Mélo*, during which we goggle in hypnotised fascination at the fact that violinist Pierre Arditi and his beautiful wife Sabine Azema are entertaining Arditi's old conservatoire friend André Dussollier to dinner in a garden that is visibly a paint-and-canvas set with backcloth stars.

A tale of doomed love unfurls. Azema falls for Dussollier; Dussollier extracts a vow that she will leave her husband; her husband falls ill; she cannot make up her mind; finally she is left with the classic choice of distressed French heroines between going insane and going in the Seine. She chooses the watery latter. Years later, the husband and lover meet up and hammer out the grisly truth between them in Dussollier's handsome Cubist-Art Deco flat.

This tale of constellated gloom is told by Resnais with a sumptuous baroque fatalism that is clearly the work of the man who made *L'Anné Dernière A Marienbad* and *L'Amour A Mort*. As much as about the play's plot and characters, *Mélo* is about the experience of theatre: that twilight land which begins and ends in darkness (like life itself) and is always mysteriously, disturbingly close to it. The film's most haunting moment comes in the last act, when the camera pans across the room from Arditi, telling of his wife's suicide letter, to Russollier. The panning movement passes through a realm of complete and unexplained darkness, a "hole" in experience which leaves the audience briefly drifting in its own night and driven to create its own thoughts and feelings. This magical moment of "opening in" is worth all the "opening out" of a dozen inferior, routinely aerated filmed plays.

In a busy cinema week, magic is elsewhere in shorter supply. Whoever dreamed up *Ratboy* should probably seek psychiatric care. Sondra Locke, formerly the tough blonde in all those Clint Eastwood movies, directs and stars in this tale of a woman reporter (herself) who discovers a strange creature living underground in a rubbish dump. He is cute, diminutive, prognathous of feature, and as played by Robert Townsend he bears an alarming resemblance to Roman Polanski. He is Eugene, the "ratboy." Soon Miss Locke is filming him, taking him to parties and showing him off. But of course, after initial delight, Eugene finds fame too much to bear and the movie ends sadly.

One is grateful at least that it ends. The footling story, five-and-dime make-up (look on Eugene's whiskers and rodent prosthetics and despair) and rudimentary script make the film like "ET Goes Rodent" made on a mouse-size budget.

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*Three Amigos!** is an intermittently jolly comedy. Wearing silver-braid Mexican suits and sombreros that could house entire families, Chevy Chase, Steve Martin and Martin Short are the swashbuckling trio of silent movie stars spirited to a real Mexican village to fight a real bandit and his gang. An excuse, of course, for high-camp Hollywood heroism to meet swarthy real-life machismo. Despite some longueurs, there are good set pieces: like the camp-fire singalong which draws the entire animal kingdom in from the desert to join in. And there are even better throwaways, like Chase's first helpless encounter with a red-hot taco ("Do you eat anything besides Mexican food?" he asks his hosts) or the final exchange between Steve Martin and the village beauty. He (meltingly): "I will come back some day." She (puzzled). "Why?"

In the soi-disant comedy *Gung Ho*, directed by Ron (*Splash*) Howard, East meets West across the car factory floor. Japanese motor giant "Assan" builds a plant in the small town of Hadleyville, USA, and Oriental and American working styles duly clash, despite the best efforts of Employee Liaison man Michael (*Mr Mom*) Keaton to keep both parties happy. No shortage of stereotypes and sermonising, but a drastic shortage of laughter.

The cheapest and most riotously inventive film of the week is *From Beyond*. Take an H. P. Lovecraft story, throw it in the waste-paper basket, invent anew a crazed tale about mad inventors (supposedly drawn from HPL) and then fill the screen up with ravaging monsters and escaped intestines. The film—from the same team that brought you *Reanimator*, director Stuart Gordon, writer Dennis Paoli and actor Jeffrey Combs — is eye-bogglingly visceral one moment, tongue-in-cheek hilarious the next. Something, in short, for the whole family: excluding Aunt Edna.

## Three Sisters/London, Birmingham

**Martin Hoyle**

The West End's new *Three Sisters* is in fact last spring's Greenwich production with important re-casting in some roles—which is presumably why the Albery Theatre programme tucks in a brief reference to the place of origin only *en passant* towards the end. Coincidentally, Birmingham Rep launched its production of the same Michael Frayn translation the night before. And Chekhov devotees may note that Sheffield's *Uncle Vanya* opens this week.

Comparisons between capital and Second City are odious; but both versions emphasise that bossy, *arriviste* Natasha is hard to bring off (too broad in London, wooden in Brum); and that boring schoolmaster Kulyigin is too often sacrificed to near farce — though at the Albery David Allister manages to convey the man's intelligence despite the clownish sprightliness wished on him by Elijah Moshinsky's production.

At the Albery, John Bury's disappointing set uses three panelled walls—half a hexagon—with birch trees painted on for both Act 1's interior and the last act garden. In between, the vaguely realistic clutter is chiefly memorable for an apparently full-size chest of drawers about three inches deep. It sums up this decent West End Chekhov—bland, shallow, unexceptionable, oddly unmoving.

Francesca Annis's Masha is the chief newcomer. She is beautiful and has a throb in the voice. Among the old hands Ian Ogilvy's meticulously judged Vershinin allows himself a complacent puff at his cigarette when Masha, entranced by this new visitor, decides to stay to lunch—plus a glance of furtive appraisal. No surprise, therefore, when his embarrassment turns to distaste and then rage at her final, clinging grief. Sara Kestelman's conventional Olga has a sharp, nervy edge; Katharine Schlesinger's Irina is efficient, slightly mechanical.

At Birmingham Tim Goodchild (sets) and Mick Hughes (lighting) create a magical last act, all chill sunlight on those birches, the stage depth adding a mistily spacious effect. Peter Farago's production is slow, and one longs for more reaction from characters as they listen to each other; but three performances reach levels untouched by the overall competence of the West End.

Julia Swift's luminous Olga is radiant with wistfulness and good sense. She even seems to change physically for her last act dignity as headmistress, though we can see her ruefully totting up the gains and losses of her success. Without playing to the audience or over-projecting, she fills the theatre with her reality and makes most of her colleagues in both Birmingham and London seem flat. Peter Wight is her equal, the best Andrey I have seen: hangdog, furtive, harassed with guilt at wasting himself. And Richard Garnett's loving Tusenbach, the kindly, concerned scion of privilege determined to broaden his education, though slightly overdoing the silly ass comedy, reminds us that artists like Gielgud and Redgrave cut their teeth on the part before going on to great things.

Birmingham's young officers are the more spontaneous, with Paul Reeves as an endearing Fedotik, that compulsive present-giver. Leonard Maguire's old doctor has the edge on the Albery's Geoffrey Chater, though the West End Solyony (Ron Cook) is more strongly defined, with his near rape of Irina. Jenifer Landor's colourless Masha is transformed at her dignified confession of illicit love in Act 3, and the parting in Birmingham is more moving than that of Francesca Annis and Ian Ogilvie—sorry, I mean Masha and Vershinin; stellar presences are not unmixed blessings.

## The Sleep/Riverside Studios

**Michael Coveney**

Oliver Sacks's hypnotic accounts of sleeping sickness victims aroused after years of unconsciousness by the action of the L-Dopa drug have been invoked by critics discussing the pathological condition of Beckett's tramps, by Harold Pinter in his short play *A Kind of Alaska*, and now by director Pete Brooks and composer Jeremy Peyton Jones in a 90-minute mixture of dance, drama and oratorio.

Dr Sacks also inspired an ICA collaboration on his neurological history of the man who mistook his wife for a hat. This piece, though, makes wider cultural ripples by juxtaposing the case history of a New York post-encephalitic lady in her late 60s with the frozen, mournful underground mythical figure of Eurydice.

Two keyboard musicians are supplemented by an amount of recorded instrument. A group of fine singers chant in German Mr Peyton Jones's setting of Rainer Maria Rilke's 1904 poem "Orpheus, Eurydice, Hermes." In legend, Eurydice loses Orpheus because he breaks an agreement and turns round to look at her as he leads her from Hades. In *The Sleep*, the woman's reverie is disrupted by a microphoned doctor who wants to rescue her and then rape her. On achieving consciousness, she kills him.

Rilke's Eurydice, full of death at the tragic moment (the poet based his imagery on a motif on a Greek relief) "had attained a new virginity and was intangible." The production invents a scenario of sexual trauma in the patient's own tragic moment in 1921—she catches her father *in flagrante delicto* with a maid-servant. The father (Tony Guilfoyle) is also the doctor. Domestic subservience and institutional caring is combined in the chorus of several performers in period underwear who execute some Jan Fabre-style repetitious brutality sequences.

The picture of Orpheus ahead of Eurydice and Hermes is flashed up once, as the chorus embark upon hyperkinetic musical chairs around the catatonic patient. When she speaks for the first time, two maids have their mouths stuffed with newspaper strips but cannot digest the news. The woman, played by strikingly red-haired Sarah-Jane Morris, formerly with rock group the *Communards*, removes her coat and comes alive in a red dress.

Claire MacDonald's text would profit from having the Rilke sung in English, although that might expose some of the shakier matching of poem to action. That action is continuously gripping, the sudden movement and rushing bids for companionship in stark contrast to Miss Morris's cataleptic solitude.

The music is the best sort of minimalism, the "systems" technique bolstered with rising motifs, melodic resolutions and pounding rocky rhythms. This is an admirable and on the whole successful effort to develop experimental techniques acquired from major European practitioners and filtered through our own ailing network of new theatre groups.

## Stravinsky/Festival Hall

**Max Loppert**

The Stravinsky concert by Esa-Pekka Salonen and the Philharmonia on Wednesday was one of those happy occasions when most things went right. From the evidence of past London concerts, it has seemed that the orchestra's young Principal Guest Conductor has an incomplete grasp of 19th century symphonic structure. From the evidence of this one, Stravinsky is plainly his natural habitat.

The feeling for texture, for rhythmic stress and accent, for the Stravinskyan "vertical," is at once idiomatically secure and communicative; the orchestra's playing in all four works may have exposed odd flecks of untidiness, but at all times the sound and the sense of the music were marvellously well married. The Symphonies of Wind Instruments, opening the concert, demonstrated that virtue to admiration. Chords were clean, well tuned, carefully voiced and placed; the quiet flow of the music was elicited by an absolute grasp of tempo relationships; the grand economy of the piece was grandly assured.

In the *Card Game* ballet score Salonen and the orchestra had immense fun with the whizzing, whiplash humour of the time-travelling parodies and imitations (at almost too fast a speed, at times: the presence of live dancers nearby would have tempered the performance's hectic air). Then Ida Haendel came to give an authoritative account of the Violin Concerto, rich in colour and rhythmically pungent, with accuracy and freedom of inflexion in ideal balance. Miss Haendel's tone projection is no longer uniformly powerful, and the brass covered her once or twice, but in the main the exchanges between solo and *ripieno* parts were of "speaking" vitality and enthusiasm.

After the interval we heard a tremendous *Rite of Spring*. Really *heard* the music, with superfine clarity: every layer of sonority exposed, every orchestral group mettled and defined, but with no sacrifice of dramatic flair and fervour in the process. The pivoting of the "Sacrificial Dance" on an intransigently solid, brilliantly virtuoso showing by the entire Philharmonia percussion department was only one reason why this proved to be the most violently and honestly exciting *Rite* I've heard in ages.



## Arts Week

**Continued from Page 20**

### WEST GERMANY

**Stuttgart, Staatsgalerie:** British art in the 20th century organised by the Royal Academy of Arts. The work, covering 1910-70 is not well known in Germany. The extensive display of 250 pictures and sculptures from 70 artists includes works by Henry Moore, Ben Nicholson, Francis Bacon and Anthony Caro. It should help to revise the prejudice that British art is provincial and has not been represented in the avant garde. Ends Aug 9.

### BRUSSELS

*Disposition 87*, presented by the Irish Club of Belgium, with a catalogue sponsored by the Shannon-based GPA group of companies, offers an introduction to contemporary Irish painting in the RhoK gallery not far from the city centre. The "mother figures" of modern art in Ireland, Evie Hone) Mainie Jellett and Norah McGuinness, are represented with internationally known names like Le Brocquy, Scott, King, Farrell and Ballagh. There is strong work by rising stars like Michael Mulcahy and Pat Harris, Gallery RHoK, 2 Avenue E. de Thibault, ends June 14.

### ITALY

**Venice:** Ca Pesaro: American Art in the 60s from the Ludwig Museum in Cologne: Works by 25 artists, from Liechtenstein to Rauschenberg, Oldenburg, Rosenquist, Warhol, Lewitt, Dine, Stella, Noland and Paolazzi. Ends Aug 2.

**Milan:** Carlo Carra: (1881-1966) the first retrospective in Carra's home-city since 1963, concentrates on the works from the years between the wars, but includes his early futurist and metaphysical paintings, and the notable Funeral of the Anarchist, Galli of 1911, lent by the New York Museum of Modern Art. Ends June 28.

### SPAIN

**Madrid,** Centro de Arte Reina Sofia, Santa Isabel 52. Raumbilder: 5 German sculptors in Madrid. Ends June 22. Also: American Dreams. 116 photographs by 35 photographers from 1880. Ends July 6.

**Barcelona,** Auguste Rodin. 60 bronze figures and 40 watercolours on loan by Musée Rodin. Catalogue shows artists' influence on Catalunya's art schools and the Noucentisme. Museo de Arte Moderno, Parque de la Ciudadela. Ends Mid-June.

**Madrid,** Cy Twombly, American artist living in Rome since 1957 exhibits his Conjuntio Oppositorium: 43 paintings on cloth, 68 on canvas and 20 sculptures dated 1952-86. Palacio de Velazquez and Palacio de Cristal at the Retiro Park. Ends July 30.

**Madrid,** masterpieces of the Duchess of Alba collection. Spain's best private collection offers a thorough view of Spain's history enriched within centuries by family legacies from the 16th century to the 20th. Sculptures, engravings and paintings include Titian, Rubens, Ribera, Rembrandt, Mengs, Goya, Renoir, Beinlhre. Centro Cultural la Caixa, Serrano 60. Ends Jun 30.

### NEW YORK

**Museum of Modern Art: Berlinart 1961-87:** An international assortment of 55 artists who worked in Berlin over the past 25 years includes David Hockney, Malcolm Morley and Georg Baselitz. Ends Sept 8.

**Guggenheim:** The first retrospective of Joan Miro since his death in 1983 includes more than 150 pieces, including paintings objects, collages, ceramics and works on paper that explore the artist's experimental media, methods and primitive inspirations. Ends Aug 23.

**Metropolitan Museum:** 48 key Impressionist and Post-Impressionist works from the Courtauld Collection tour America, including works by Cézanne, Manet, Renoir, Seurat and Gauguin. Ends June 21.

**IBM Gallery:** 96 paintings of pre-modern Viennese art from the second half of the nineteenth century includes works by Klimt, Romako and Makart; and 120 drawings show proposed and actual Washington government buildings. Ends July 11.

### CHICAGO

**Art Institute:** The 1985 Grand Palais exhibit of Lartigue's 1920s photographs shows the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends June 28.

### TOKYO

**Masterpieces of Japanese and Chinese Art from the British Museum:** This joint effort by Tokyo National Museum, Asahi Newspaper, NHK and British Museum brings back to the Orient some 150 works of painting, ceramics, lacquer and bronze dating from the Ancient Shang period (13th century BC) to Edo period (1600-1868). Many are being seen outside Britain for the first time. Especially notable are the rare Tang period Dunhuang silk banners from Stein's early 20th century expeditions to the Silk Road. Delicately wrought metalwork animals by redundant 18th century Japanese armour makers are also eye-catching. This exhibition is part of the fund-raising efforts towards the building a separate Japanese Gallery in the British Museum. Tokyo National Museum, Ueno Park. Ends June 7. Closed Mons.

**Space in European Art.** 120 works (mainly paintings) comprise this cross-section of major art from earliest Greek period to today. The exhibition, one of the largest to travel abroad, is the result of the collaboration of major museums and the Council of Europe. Rarely seen works from private collections are also included. Artists include Dürer, Breughel, Titian, Rubens, Van Dyck, Turner, Monet, Klee, Chagall. Good use of space in the arrangement of exhibits, spread throughout the various galleries of the museum. English labelling plus detailed and informative catalogue. This exhibition is drawing great crowds, so go early in the morning. The National Museum of Western Art, Ueno park. Ends June 14.

**Batik from Java:** This superb exhibition of this textile art includes many examples of traditional work rarely seen outside Indonesia. Suntory Museum of Art (with splendid views over the city) near Akasakamitsuke subway station. Ends June 28.

**Japanese Gold Painted Lacquer:** 80 works exemplify the *maki-e* decoration (gold and silver dust sprinkled on lacquer) of writing boxes, *inro* (pill cases), chests and other items from daily life. Styles range from the subdued, Chinese-influenced 8th century to the ostentatious flowering of the technique in 18th century. There is no English labelling, so just feast your eyes. Conclude with a stroll in the museum's garden, one of Tokyo's few green oases. Meandering paths at different levels are ideal for exploring and spotting the many old Buddhist stone sculptures hidden in the foliage – a reminder of the (now almost defunct) respect for nature in Japanese thinking. Nezu Art Museum, Minami Aoyama, close to the fashionable, bustling Harajuku-Shibuya area. Ends June 14. Closed Mondays.

## RPO goes on the offensive

The Royal Philharmonic Orchestra yesterday launched its big offensive in the long running war between the four London orchestras. It announced that from September, 1988, its members would be under contract for four months, with guarantees that their salaries would be the equivalent to what they might earn under the current freelance system.

If the RPO can raise enough money, the experiment will be continued and London will have its first contract orchestra (apart from the BBC Symphony). This will end the old fashioned practice of musicians disappearing from the concert platforms during performances to fulfil another lucrative engagement on the other side of town.

To raise the extra £250,000 needed by the RPO to buy the full time loyalty of its players, sponsors are being courted and the Arts Council is being wooed for additional subsidy. Since the council has long wanted a super contract orchestra for London it should release more funds.

In addition, a new Royal Philharmonic Pops Orchestra is being formed. It should generate £100,000 in new revenue in its first year. It will be drawn from freelance musicians and makes its debut at the Festival Hall on September 18 with a Hooked on Classics selection. RPO musicians may feature in the new orchestra until their contracts start. The RPO is also increasing its revenue by raising seat prices in the 1987-88 season — £3.50 tickets at its promoted concerts (mainly on the South Bank) will cost £4 and top price £14 tickets have a stiff jump to £20.

The RPO move can be seen as part of the jostling among the orchestras for the privilege of being the house orchestra on the South Bank, which is entering a bright new era under musical administrator, Nicholas Snowman. The RPO is looking hard for a commercial sponsor and any company prepared to put up £1m plus can have its name linked to the revitalised band.

The RPO remains the biggest of the Big Four, with a £4.5m turnover in the year ending March.

**Antony Thorncroft**

## George Devine Award winners

The George Devine Award, administered by the English Stage Company at the Royal Court in memory of its founding artistic director, has been won this year by Christina Reid for *The Belle of Belfast City* and Charlotte Keatley for *My Mother Said I Never Should*. The shared prize of £2,000 was presented yesterday by playwright and director Nicholas Wright.

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# Bidding for the NHS vote

THE LABOUR PARTY is quite right to place emphasis on its proposals for the National Health Service, on the simple ground that it is good politics to play to one's strengths. The party's leader, Mr Neil Kinnock, repeated yesterday that a Labour government would increase expenditure on the service by 3 per cent above the rate of inflation; this commitment is reminiscent of the pledge made by the Conservatives in the 1979 election campaign that they would, in a somewhat similar spirit, put more money into defence. They believed, then, that not enough was being spent, although it is never possible to say with precision how many weapons should be purchased and how large the armed forces should be. Labour believes, now, that what goes into the health budget is insufficient, in spite of the fact that it is not really possible to state the optimum amount.

In this the party is supported by the Alliance, which says that it will increase the NHS budget in such a way that by year five *it will be £1bn per annum* higher than that planned by the Conservatives. The Conservatives themselves claim in their manifesto that expenditure on the health services has increased by "almost a third" in real terms since 1979. The auction continues. From the taxpayers' point of view, you take your choice, and you pays your money. The question is, should it be even more than the Government has already planned?

### Cost pressures

Mr Kinnock argues that Britain's spending, in real terms, has fallen as a proportion of national income, so that it is now lower—presumably on that measure—than in other EC countries. The matter is not so simple as that. Countries with insurance-based medical care systems tend to pay their health workers more than does Britain, where the service is free at the point of delivery and rationing is imposed by the *Treasury and the Department* of Health and Social Security. The Conservatives have begun to prove their point about inefficiency in the use of existing resources; if Labour is to campaign on the slogan of "more" it should at least address itself to the means of getting the best value for money, however much it proposes to spend.

That said, any government will have to wrestle with inexorable upwards pressures on costs. The increase in the number of people over 75 is one. The regular development of new medical techniques is another. The constant growth in the number of special programmes—screening for breast and cervical cancer, treatment of Aids victims, community care for the mentally ill, kidney treatment—is a third. The Government has not provided sufficient money to tide over the transition from care in institutions to care in the community. It has allowed the acute hospital service to be run down. It has not managed the inevitably painful transfer of resources from London to the regions (initiated under Labour) particularly well.

### Separate sectors

One consequence has been an added impetus to the use of private health insurance. As with school, those who can afford to do so will flee from state services unless they are of a reasonable standard. The Labour Party does not propose to ban private health care, but it would be disentangled from the NHS. This is not wholly unreasonable: the lucrative hopping from public to private sector enjoyed by some consultants does not bear too close an examination. The Alliance, no doubt under the influence of Dr Owen, appears to have come to a similar conclusion.

A better NHS would undoubtedly reduce demand for private care, since there is no point in paying through insurance for what one has already paid in taxation. Labour and the Alliance will claim that, of all the contenders, the Conservatives are the least likely to produce a better health service. The Tories are certainly the most welcoming to private insurance and their record on the NHS itself has not been without blemish. Again that, one of the reasons why the last Labour government was defeated in *1979* was that under its management some hospital workers refused to treat the patients at all, while others stood outside on the picket lines, shouting abuse. Mr Kinnock should explain how he would prevent that from happening again.

# Step forward for Canadian unity

MR BRIAN MULRONEY, the Canadian Prime Minister, is entitled to bask in the widespread approval which has greeted the constitutional deal he reached at Ottawa this week with the 10 Canadian provinces and, in particular, with ever-fractious Quebec. For many months Mr Mulroney has received kicks *rather than ha'pence: with the* new deal he may have written his name into Canadian history besides improving his own personal standing and that of his party, the Progressive Conservatives.

The agreement, named after Meech Lake where the groundwork was laid at a meeting a month ago, ends an anomaly of six years' duration during which largely French-speaking Quebec province — though a part of Canada — refused to accept the constitution of 1981. At that time a separatist government at Quebec City rejected the constitution because it did not incorporate the veto that Quebec had always wanted over constitutional change in Canada.

A change of government in the province and some far reaching concessions by the central Government in Ottawa have made possible Quebec's accession to the constitution.

*The constitution of 1981 was* very much the baby of Mr Pierre Trudeau, then Liberal Prime Minister in Ottawa, who broke months of political silence on May 28 to denounce the Meech Lake agreement as a recipe for the "balkanisation" of Canada. It is just possible that his intervention encouraged the Ottawa meeting between Mr Mulroney and the 10 provincial premiers to make the original Meech Lake texts a little less potentially centrifugal.

Thus Mr Robert Bourassa, the Liberal Quebec Premier, was granted his wish to have Quebec recognised as a distinct society, but one "within" Canada. When the courts come to determine in due course precisely what is meant by a distinct society, that word "within" could prove a crucial underpinning of Canadian unity.

Quebec and, with it, the other provinces are given the right to claim *financial* help from Ottawa for social programmes of their own, provided these fit in with "national objectives." They also get the right to nominate for appointment by Ottawa the judges of the Supreme Court, final arbiters of what is and what is not constitutional.

In the form agreed at Ottawa, the constitutional deal specifically lays the onus upon Quebec to recognise that it is home to a substantial English-speaking minority. Likewise the other nine provinces are reminded of their duties to French Canadians living within their boundaries.

### Restrictive clauses

This part of the agreement could in the long run prove crucial to the success of the deal and the preservation of the concept of one Canada rather than of a French and an English Canada. Canadian society usually is tolerant. But during the separatist wave in Quebec, which reached its climax in the mid-1970s and died down in the present decade, nerves frayed on both sides.

If the constitutional agreement is to acquire genuine life, Mr Bourassa will have to modify some of the mort restrictive clauses in the legislation intended to preserve French as the dominant language in Quebec. *By the* same token, the English-speaking provinces must accept the French fact in their midst less grudgingly than has often been the case, especially in the Canadian West. Much progress has been made in that direction, but more is needed.

The fact is that the Anglo-French mix in Canada will always be a potential cause of friction as well as of mutual stimulus. The time was ripe for Meech Lake because the recession of the early 1980s drove Quebecoise to seek security within Canada rather than risk an uncertain future on their own; and the subsequent recovery gave Quebec businessmen and technocrats the confidence that they could hold their own in Canada. This happy constellation need not last for ever: Quebec's periods of malaise, even rebelliousness, have been regular occurrences. Unless Canadians of both languages and of all parties *build upon the foundation provided* at Meech Lake, the next wave is sure to come.

THE AUSTRALIAN ELECTION

# Mr Hawke puts his consensus to the test

By Chris Sherwell in Sydney

WHEN Mr Bob Hawke decided last week to call a general election for July 11, eight months early, one question was uppermost in the minds of the throng of journalists who tackled him afterwards. Why, they asked, had he broken his word?

Mr Hawke managed to deflect the queries, but was surprisingly ill at ease. For he had indeed reversed his public position of two weeks before, when he discounted a July election, and of two months earlier, when he said Parliament would go its full term.

Over the coming six weeks, the fact of the early poll will fade as an issue. But the opposition parties, in their assault on Mr Hawke's four years of Labor party rule, will make sure the question of broken promises lingers.

Their task might seem relatively easy. The 57-year-old Mr Hawke has presided over a deterioration in Australia's economic circumstances not witnessed in decades.

The country's balance of payments deficit is among the highest in the developed world at almost 6 per cent of gross domestic product. So is its gross external debt, at A$105bn, and its inflation rate, at an annual rate of more than 9 per cent.

Economic growth this year will only be about 1.5 per cent, well below expectations. The currency is too strong, labour costs are burdensome and high interest rates are stifling investment.

Taking his cue from this, Mr John Howard, 47, the determined leader of the Liberal Party, has already listed some broken undertakings from the 1984 campaign. Then, Mr Hawke promised lower interest rates, reduced inflation, no increase in state medical insurance payments and no capital gains taxes.

None of these promises has been kept. "The present prime minister," Mr Howard declared in Parliament, "is the most shop-soiled promiser in political history."

Mr Howard has named three key issues on which the election will be fought — the fall in family living standards under Labor, increased levels of taxation and excessive trade union power.

Yet despite all this, Mr Hawke thinks he can win an election held in the depths of an Australian winter. Only six years after entering Parliament, he believes he can become the first Labor prime minister to win three successive terms and the longest-serving in Australian history.

Though Mr Hawke like playing the horses, he does not gamble with his political future. So why the optimism? One obvious reason is the considerable disunity in the opposition ranks, springing from disquiet over Mr Howard's leadership and from policy disagreements.

In the opinion polls, the jovial if temperamental Mr Hawke has constantly outperformed the plucky but dull John Howard, even as the Labor party has, almost as constantly, trailed the opposition.

Mr Howard has in turn been the victim of attacks both from within his own party and from the Queensland branch of his ertswhile coalition partner, the National Party.

**When it comes to rallying support, Mr Hawke has few peers. Over policies, matters are different**

Leading the charge since December has been Sir Joh Bjelke-Petersen, the maverick 76-year-old Queensland premier. By April he had broken the coalition, the most powerful conservative force of the past four decades. Yet the reins of its leadership did not fall into his hands, and this week the "Joh for Canberra" campaign was ingnominiously called off.

Australia's conservative forces now have to overcome the sort of disarray demonstrated by the Labor Party in the 1960s, when it tried to dislodge *Sir Robert Menzies from* office.

Not that Labor is a model of harmony. Its parliamentary party has three distinct wings, and its activist left remains vocal. But the centre-right faction, with its principal base in New South Wales, has transcended these divisions and provided at least the illusion of unity.

Leading the way is Mr Hawke, whose career in Australia's highly institutionalised labour relations system has made him a supreme pragmatist.

Put charitably, he is a consensus politician—flexible and open-minded, always seeking common ground. Less charitably, he is a compromiser, with few principles and few ideas beyond continuing in office.

Certainly no one doubts that Mr Hawke loves being Prime Minister, and many think he is rather good at it. When it comes to rallying support, he has few peers.

Over policies, matters are different. But here he can rely on a team of youthful, dynamic and determined economics ministers who may prove the key to Mr Hawke's continued success.

These ministers have wrought a minor revolution in Australian politics by shaking off traditional Labor party hang-ups and making a virtue of taking on fundamental economic questions.

They have tackled the country's declining terms of trade, its balance of payments and external debt problems, the difficulties of market access in a projectionist world, and defining Australia's role in an area more prone than ever to superpower and regional rivalries.

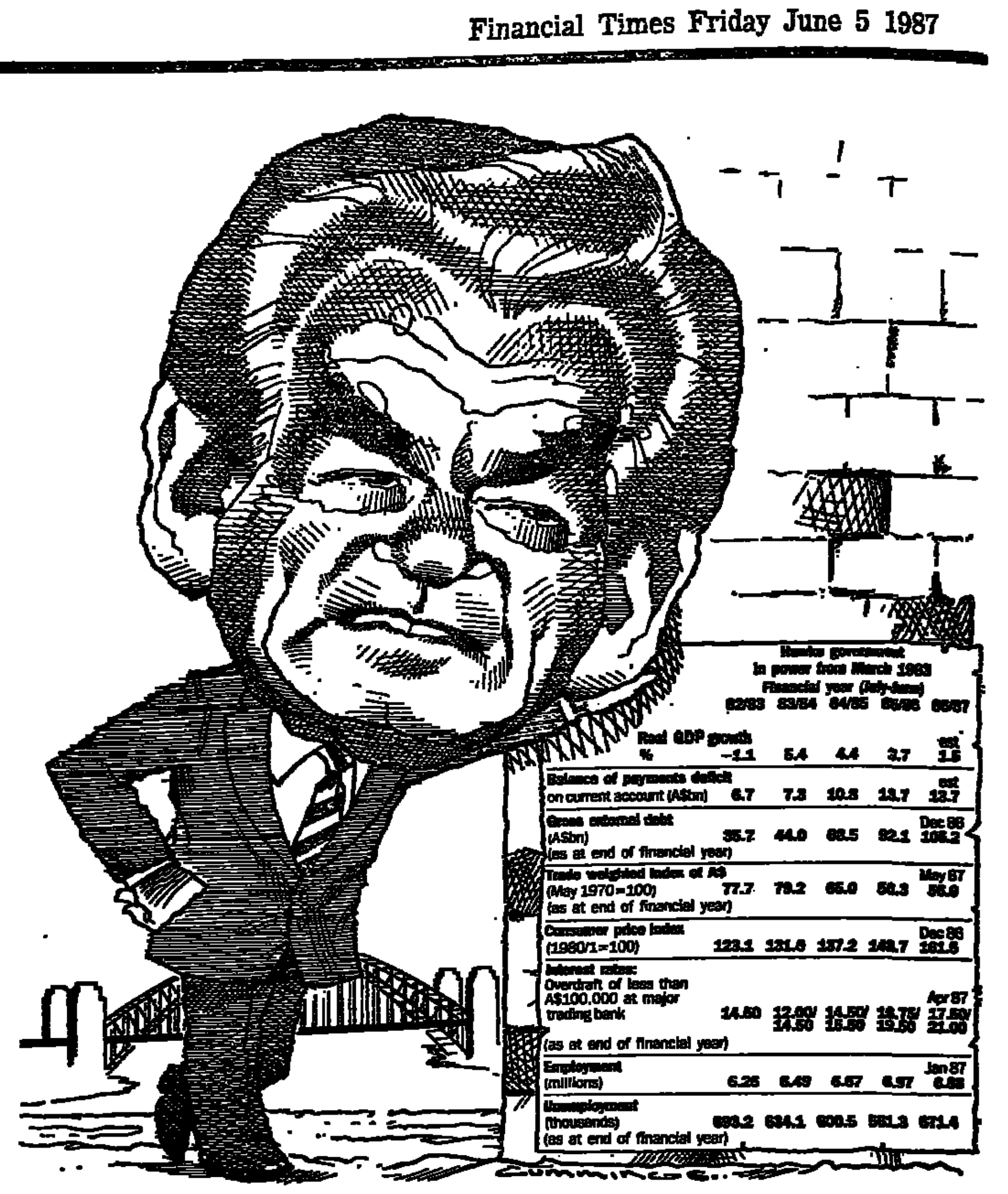
Dominating the ministerial team is Mr Paul Keating, the 43-year-old treasurer. It also includes Mr John Dawkins, Trade Minister, 40, Mr Kim Beazley at Defence, 38, Mr John Kerin, Primary Industries Minister, 49, Mr Ralph Willis, Industrial Relations Minister, 49, and Senator John Button at Industry, 53.

Publicly they heap blame on their predecessors and the outside world for the country's ills. They reject suggestions that the economic policies of their first two years in office—when they spent heavily in an attempt to stimulate the economy out of trouble—were mistaken. They point to the hundreds of thousands of jobs created, which softened the impact when hard times hit in 1985.

Under Labor, Australia has undergone important economic *changes: the floating of the currency*, deregulation of the financial system, a programme to reduce manufacturing protection and rationalise particular industries, a re-orientation towards exports and investment abroad, and a radical reform of the tax system.

At the same time the idea that Australia's 16m highly urbanised people have a dependable future mining coal, iron ore, oil, gold, diamonds and uranium, or harvesting wheat, wool, sugar and lamb, has been receding.

Though these sectors will remain vital, there is a recognition that the future lies as well in foreign and domestic investment in high technology, tourism and services.



| Hawke government in power from March 1983 Financial year (July-June) | 82/83 | 83/84 | 84/85 | 85/86 | 86/87 |
|---|---|---|---|---|---|
| Real GDP growth % | −1.1 | 5.4 | 4.4 | 3.7 | est 1.5 |
| Balance of payments deficit on current account (A$bn) | 6.7 | 7.3 | 10.8 | 13.7 | est 13.7 |
| Gross external debt (A$bn) (as at end of financial year) | 35.2 | 44.0 | 68.5 | 82.1 | Dec 86 105.2 |
| Trade weighted index of A$ (May 1970=100) (as at end of financial year) | 77.7 | 78.2 | 65.0 | 58.3 | May 87 55.9 |
| Consumer price index (1980/81=100) | 123.1 | 131.6 | 137.2 | 148.7 | Dec 86 161.5 |
| Interest rates: Overdraft of less than A$100,000 at major trading bank (as at end of financial year) | 14.50 | 12.00/ 14.50 | 14.50/ 18.50 | 18.75/ 19.50 | Apr 87 17.50/ 21.00 |
| Employment (millions) | 6.26 | 6.49 | 6.67 | 6.97 | Jan 87 6.88 |
| Unemployment (thousands) (as at end of financial year) | 698.2 | 634.1 | 608.5 | 581.3 | 671.4 |

By the standards of the 1972-75 Labor government led *by Mr Gough Whitlam*, all this represents an extraordinary shift. It has allowed Labor to capture the middle ground of Australian politics and to drive the non-Labor forces far to the right.

Critical to this shift has been the co-operation of the trade union movement. Under its vital "accord" with the Australian Council of Trade Unions (ACTU), the Hawke government has successfully kept wage increases below the inflation rate, imposing a fall in living standards on one of its most important constituencies.

Mr Hawke and Mr Keating, who maintain close relationships with the youthful ACTU leadership, have done this by successfully arguing for the longer-term job benefits of structural reform and, critically, by spending to maintain employment.

Just as important has been the response from the business and financial communities, which have watched Labor—albeit with some glaring exceptions—implement much of what it promised and reaped some profitable benefits.

In the forthcoming election, these sectors may opt for the devil they know rather than for the still-unsettled opposition which while certain to offer enticing tax give-aways, may frighten people by the way it plans to fund them.

As for Labor's traditional supporters, the alienation is greater than Mr Hawke might admit. Labor's decision to resume uranium sales to France has outraged the environmental lobby, while the concentration of media ownership in a few hands and new welfare restrictions have not been popular. But the electoral threat is less in a system where voting is compulsory: abstention is not an option and few Labor voters are sufficiently disillusioned to switch parties.

Those hurting most are the farming communities and small businessmen—neither of which normally support Labor—and the mortgage and family belt, where the opposition could score heavily.

A few months ago it became apparent that the accord with the unions could not hold its existing form, and greater flexibility was built into wage agreements. This together with a strengthening currency, may yet undermine Australia's improved international competitiveness.

Likewise, the Government's failure to tackle real reforms of the labour market reached a climax last week when mounting pressure from employer groups forced it to withdraw its much-vaunted new industrial relations bill, which was to overhaul the country's 83-year-old legislation.

According to the opposition, Labor has been a high-spending, high-taxing government which learned the error of its ways too late, is failing to grasp nettles like privatisation and excessive government and is still presiding over too much inefficiency. Only a new government can deliver the necessary changes, it says.

But even opposition figures have trouble condemning what Labor has achieved. And if it is thanks to Mr Hawke that Labor's policies have won a broad measure of acceptance, it is largely thanks to his economic ministers that they have been conceived and pushed through.

In Canberra's hot-house political atmosphere, it was inevitable that, as soon as Mr Hawke announced the election decision, complaints flowed.

Why, the opposition asked, was the Prime Minister not proceeding with the planned August budget, the third leg of a programme which began with last month's expenditure cuts and continued with the curbs on spending by the states?

Was there a horror budget in store, or was he simply trying to beat the pain of the cuts he had imposed? And why was the necessary corrective action not taken sooner?

The immediate excuse for calling the election—resistance in the Senate, or Upper House, to key pieces of government legislation—was also challenged. According to Mr Hawke's opponents, that legislation—introducing a new identity card and changes in rules for control of the media—could have been more astutely handled.

They also point out that a dissolution of the Senate and the House of Representatives would not solve the problem, since Labor would still not win control of the Senate, which is elected by proportional representation.

But to the extent that the election is decided on the Hawke government's record—and so far that is what the Prime Minister is running on—these are not the sort of matters which will determine the outcome.

Rather it is the question of whether Mr Hawke should, as he himself put it, be given a mandate to "finish the job." His advertising campaign manager was more blunt. When asked what Labor's slogan might be, he replied, "Don't toss it in now."

## Vegetables deal may go to pot

The European Commission's latest proposals for a new tax on vegetable, oils, and fats, sold in the Community are proving hard to digest.

The plan is meant to get rid of a brimming vegetable oil lake. It is, however, meeting implacable opposition from the formidable Mary Eugenia Charles, prime minister of the tropical island state of Dominica, and the current president of the association of African, Caribbean and Pacific states (ACP).

Like most of her ACP colleagues Charles does not relish the idea of anything which might hinder the sales of one of the few products which her tiny country can sell to the Community.

Her fury positively erupted at a recent meeting in Brussels of the joint ACP-EC Council, when she told her startled European ministerial colleagues that if they insisted on erecting this new barrier to exports to the Community, the only saleable commodity left to the Dominicans would be marijuana.

After all, she told the council, there was no surplus of that product in Europe, and it was one commodity where prices were certain to rise.

She did not go so far as to tell the European Commission to put that in its pipe and smoke it. But the message was clear.

## Back-tracking

Not many top people in the computer industry are painters in their spare time.

Even fewer are so keen on their brushwork that their Who's Who entry records the single word "artist" after the name, and well ahead of such mundane details as career and professional accomplishments.

The description applies, however, to Philip Hughes, chairman and co-founder of Logica, one of Britain's most successful software companies.

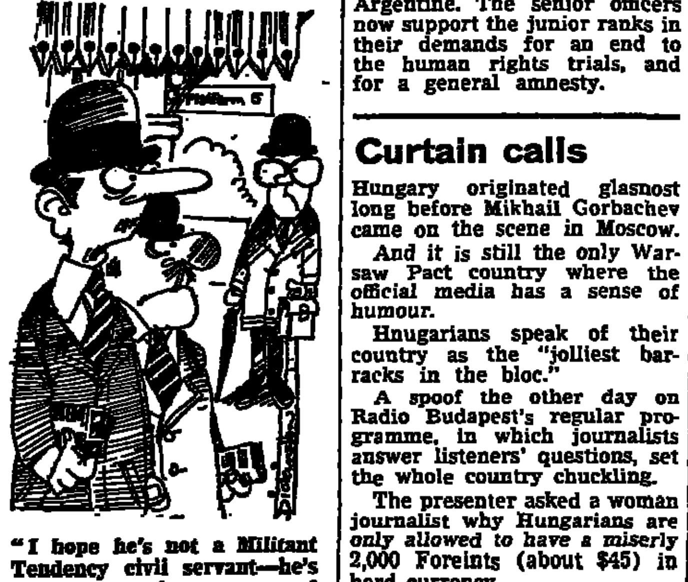
Hughes manages to combine a hectic business life with forays into the wilder parts of the world to seek out topics for his pictures.

A new exhibition of his paintings, which opens at the Francis Kyle Gallery, London, next month, is centred around his landscapes of Australia, South America, and the Orkney Islands.

He produced the outline of the Australian pictures during three days of back-packing in the Blue Mountains, which he managed to work in during a business trip.

His Peruvian landscapes, which required him to walk along the famous Inca trail in the Andes at altitudes of over 10,000 feet, were painted during a three-week visit to Peru earlier this year.

# Men and Matters



"I hope he's not a Militant Tendency civil servant—he's just been made treasurer of the golf club."

## Military advance

"Due obedience" has become a contentious issue not only in the armed forces of the Argentine but also within the ranks of the ruling radical party.

Backtracking by party leaders on human rights policy in the wake of last Easter's short-lived military rebellion by by junior officers has resulted in disarray. My man in Buenos Aires says the issue could threaten to break party unity.

A spectacular somersault has now been made by Cesar Jaroslavsky, the party chief whip in the lower house chamber of deputies.

After invoking the name of the president, and forcing a controversial "Due obedience" Bill through the chamber, which will exculpate all junior and middle rank officers of the security forces for crimes of murder and torture committed during the military regime of *1976-83, he said that* "Not a stop or comma" would be accepted as an amendment in the subsequent debate in the upper senate.

That statement was to reassure wavering party representatives in the face of pressure from the military and conservative opponents who wanted the Bill extended to protect senior officers — colonels and above.

Nevertheless, in the senate debate, the Bill has been amended on the instructions of president Alfonsin himself to protect some 50 more senior officers.

Jaroslavsky now says that is the "last concession" that the Government will make to the armed forces.

One deputy who is highly alarmed at the government's *tactics is Federico Storani*, head of the foreign affairs committee in the lower house. He says he felt nausea in voting for the Bill, and only did so because of party discipline. He adds "There is no guarantee" that the military will not *simply continue to press for* more concessions if the Bill is finally approved.

Military discipline has, meanwhile, been re-established in Argentine. The senior officers now support the junior ranks in their demands for an end to the human rights trials, and for a general amnesty.

## Curtain calls

Hungary originated glasnost long before Mikhail Gorbachev came on the scene in Moscow.

And it is still the only Warsaw Pact country where the official media has a sense of humour.

Hnugarians speak of their country as the "jolliest barracks in the bloc."

A spoof the other day on Radio Budapest's regular programme, in which journalists answer listeners' questions, set the whole country chuckling.

The presenter asked a woman journalist why Hungarians are *only allowed to have a miserly* 2,000 Foreints (about $45) in hard currency.

"The Hungarian National Bank is a prestigious institution and cannot allow individuals to possess more currency than it has," she replied drily.

In response to a question about Hungary's stance on international terrorism she noted that every potential terrorist knows that there could be "no worse investment than trying to blackmail Hungary for anything."

And describing the recent signing of a Hungarian-Polish trade agreement, she said the two ministers "ceremoniously exchanged lists of unavailable goods."

## Cash economy

Heard in Harrods. "Rodney says I spend to much money. But, as I told him, that's my only extravagance."

**Observer**

POLITICS TODAY

Trevor Humphries

# Mr Kinnock keeps on running

By Malcolm Rutherford

WHATEVER the outcome of the British general election next Thursday, Mr Neil Kinnock, the leader of the Labour Party, will have left a decisive imprint on the campaign and perhaps on politics to come.

For it has been Mr Kinnock and his party who have been providing most of the excitement, who still keep the City palpitating at the thought of a possible shock result after all and who have shown a capacity for staying the course not generally expected when the campaign began.

Mr Kinnock has broken several conventions. The Labour Party rather than the Conservatives have had the best party election broadcasts. Those on health, education and on Mr Kinnock himself have been technically flawless. Labour also has some of the best posters. If the outcome were to be decided by the quality of the publicity alone, the party would win hands down.

Mr Kinnock has discarded the old practice of the leader appearing regularly at the daily party press conferences in London, though he was back again yesterday talking about the health service. Instead he has taken to the regions. The approach appears to be paying off. When he returns to the capital, he is full of anecdotes about what ordinary people in the country have been saying to him.

So far, at least, the late surge of support for the Alliance parties has not materialised. If it is not apparent by the weekend, it may not come at all. One of the explanations must be that Mr Kinnock has persuaded sufficient of the electorate that Labour is no longer the far left-wing party that it used to be: Labour defectors to the Alliance are returning to the fold.

Evidence of the impact of Mr Kinnock's tactics comes in the answers to a sub-question in the Gallup Poll published in yesterday's Daily Telegraph. Respondents have now been asked three times between May 19 and June 3 who is the most impressive campaigner. Mr Kinnock began with 18 per cent and has risen to 39 per cent. Mrs Margaret Thatcher started at 19 per cent and has moved to 23 per cent. For the Alliance Mr David Steel and Dr David Owen began with 15 and 14 per cent respectively; they have now fallen to eight and nine per cent.

None of this is to say that Labour will win or that there should be a shifting of bets. That still seems to me to be most unlikely, not least because the party is saddled with its non-nuclear defence policy. But there is something more important: it is that Mr Kinnock has managed to show that there is considerable support for alternative policies to those of Mrs Thatcher. Labour, in short, is back in business.

There was never much doubt of the ability of some of the colleagues surrounding Mr Kinnock. Mr Roy Hattersley, Mr Denis Healey, Mr John Smith and Mr Gerald Kaufman were all recognised as heavyweights, whom Tory ministers treated with respect right to the end of the last parliament. The present campaign has brought others to the fore: outstandingly Mr Bryan Gould.

The doubts were more about the Labour Party than the Labour leadership. Tory and Alliance speakers have played on the theme, before and during the campaign, that the Healeys and the Hattersleys were simply a respectable front for the far left. A favourite line was that the next leader would be Mr Ken Livingstone who would seize power by some kind of internal party coup just as he once took over the leadership of the Labour group in the Greater London Council.

The campaign so far has gone a long way towards dissipating such a view. So has the Labour manifesto. It is the sensible, moderate men who appear to be in charge. The left has been very quiet and, if Labour were to win, it would be clear that the victory was due precisely to that sense and moderation and even discipline imposed by Mr Kinnock. The present leadership would not be lightly pushed aside.

There were also some doubts about Kinnock himself: that he was a Welsh windbag and lacked experience of office. The point about the windbag charge is that it is sometimes true and sometimes not. At times he can waffle almost to eternity. At others he can be the best orator in the campaign. This time the waffling has been, on the whole, subdued: he got through the interview with Sir Robin Day on BBC1's Panorama on Monday without making a single gaffe. One suspects that the height of the oratory is still to come.

As for lack of experience, the charge is based on a very narrow definition of office: namely, that of being government minister. Anyone trying to lick and kick the Labour Party back into shape these last three or four years can hardly be accused of inexperience of dealing with people or of administration. He does not seem to have come out too badly.

Indeed it is largely because of the way that he used his apprenticeship in the labour movement that he is today the unchallenged leader. Mr Kinnock made his name by not making enemies. He declined office in the government of the now Sir James Callaghan when he was offered the post of junior minister to Mr Hattersley at the Department of Prices and Consumer Affairs. Instead he cultivated the trade unions and the constituency workers. Thus he became leader with the support of all sections of the party.

Yet he was beholden to none of them. Although he sometimes wore the mantle of the left, especially on defence, there were hints long before now that his real position was much more in the centre. For instance, during his spell as shadow Secretary for Education he warned the party conference in 1979 that Labour could not pledge itself to restore all the Thatcher cuts in education spending: it would depend, he said, on the economic circumstances of the time.

Something of that restraint has run through him ever since. Mr Kinnock has been telling the party throughout his leadership that it cannot expect everything at once. It is a question of priorities and those are the reduction of unemployment and the relief of poverty. The achievement of his election campaign to date is how many people have come to believe him. The unions have agreed to stand back a bit: they do not claim that since they helped him to the leadership, they must be immediately paid back. The rank and file just hope that he wins.

There are other strands of consistency. One is determination. The story goes that as a boy he passed only three O levels and wanted to leave school. His parents objected, so he took them again and passed nine, which must say something for his powers of concentration.

Another is that he is a disciplinarian. Mr Kinnock controls the Labour Party in a way that his predecessors since Attlee did not. The meetings of the party's National Executive Committee are no longer a battle against the leadership; the leader usually gets what he wants.

He has attacked Mr Arthur Scargill of the National Union of Mineworkers, stood up to the Militant Tendency in Liverpool and, only a few weeks before the election, risked the wrath of the left in bringing about the replacement of a Labour candidate, Ms Sharon Atkin, for opposing the leadership on black sections.

Where he has scored again is in his insistence that the Labour Party cannot be viable with the support of minority groups alone: the blacks, the gays and lesbians, and the peace movement. The far left, he once said, were so obsessed with ideology that "they cannot see the people for the slogans." Practically every conference speech he has made has stressed that Labour can only win if there is an alliance between the "haves" and the "have-nots." It is the "haves" whom he has been trying to attract back.

What he has done in this campaign is very similar to the way he conducted his original campaign for the leadership. He has gone for the votes of ordinary people who are worried about jobs, the health service, housing and education —people who, in the reverse of Churchill's phrase, "prefer the queue to the ladder."

Not that he is any less ambitious or less patriotic than Mrs Thatcher. The meritocrat in both of them shows all the time. He just prefers a different route to economic recovery, putting the emphasis on fairness and state help to industry rather than self-help and unbridled entrepreneurship.

"When the Tories claim that 'you've never had it so good'", he wrote in his book, Making our Way, "economic disaster cannot be far behind." The book is largely a plea for an industrial policy on the model of Japan.

In that sense Mr Kinnock is very much an old-fashioned Labour man of the 1960s. What is remarkable is how far he may have succeeded in putting the party together again and to have found what he calls a "damned good tune" capable of rallying "haves" and "have-nots" who care more about the health service than nuclear defence.

My own guess remains that he will not make it. But it will be very much Mr Kinnock's Labour Party when the election is over. The internal reforms will go on and the left will be defeated if it attacks him for his moderation.

That does not necessarily mean a return to two-party politics. Some 20 per cent of the vote for the Alliance, as the present polls show, is still quite a lot. But in any further realignment the Labour position will be stronger than it seemed a few weeks ago. Not least, the Tories have been given a salutary shock to find that Labour is still running.

Edward Mortimer on the legacy of the Six Day War

# Sterile frontiers of debate

THERE IS a special reason why the 20th anniversary of the Six Day War, which falls today, should not go unnoticed. Twenty is one more than 19, and 19 years is the length of time the state of Israel had been in existence when the Six Day War broke out.

For those 19 years Israel lived within ceasefire lines established during military operations in the first few weeks of its existence. Those frontiers were formally defined by armistices with Israel's Arab neighbours early in 1949.

Since 1967 the world at large, including many Arabs and many Jews, has treated the pre-1967 situation as a norm that had to be taken as the basis for any solution to the conflict.

Of course, it was said, the Arabs must be prepared to make peace, must recognise Israel's right to exist. But, in return, Israel should give the territories back. The exact frontier might be subject to negotiation, but the starting point was the belief that "Israel" meant the area occupied by Israel before 1967, while territory beyond that was "Arab territory," to which victory in war could not give Israel a valid title.

Such was the view enshrined in Resolution 242 of the Security Council, passed in November, 1967, and used ever since as a reference point in every attempt to move towards a solution.

It was undoubtedly the most reasonable and constructive approach in the immediate aftermath of the conflict. That it did not succeed is a tragedy, for which blame can be variously apportioned.

Many Israelis were determined from the start to hold on to at least the bulk of their conquests, regarding them as part of the historic land of Israel. The Labour Party, which ruled Israel until 1977, did not officially share that view, but found it politically expedient to postpone a decision and encourage the colonisation of parts of the territories by Israeli settlers — a process which expanded and accelerated after 1977 under the Likud Government.

The great powers did not live up to their responsibilities under the UN Charter. The US made the greatest efforts to find a solution, but these were vitiated by a policy of effectively unconditional financial and military assistance to Israel which enabled Israel to disregard American political pressure.

As for the Arabs, their repeated failure to unite, either on a clear peace programme or on a consistent strategy for implementing it, provided both Israel and the great powers with the perfect excuse for leaving things as they were.

The result is that all the talk about a return to the status quo ante 1967 has come to sound more and more unreal. The Golan Heights, which had always been part of Syria, are no doubt still part of Syria and their return to Syria remains likely to be the price that Israel will have to pay if peace with Syria is ever achieved, just as the return of Sinai was the unavoidable price of peace with Egypt.

But the West Bank has now been under Israeli rule for longer than it was part of Jordan — a status, in any case, never recognised by the rest of the world, with the exception of Britain and Pakistan — while the Gaza Strip has never been officially incorporated into any Arab state.

The idea that these two areas could together form a rump state satisfying the aspirations of Palestinian nationalism was a constructive one but perhaps never fully convincing, and today looks further than ever from realisation.

Unpleasant though it may be —and not least unpleasant in the long run for Israel itself —common sense now requires acceptance of the fait accompli of 1967. The conflict between Israelis and Arabs—Palestinian Arabs especially—remains unresolved, but is posed in its most acute form within the territory which Israel controls and will continue for the foreseeable future to control.

From now on international energies may be more profitably directed to improving the situation and securing the human and civil rights of Palestinians within that territory than to hypothetical and largely sterile argument about eventual frontiers.

# Letters to the Editor

## BAA return on capital

*From Mr S. Duggan*

Sir, — Lex (May 26) on BAA (formerly British Airports Authority) referred to the "single till" principle. This presumably refers to the memorandum of understanding between HM Government and the US Government which stipulates, *inter alia*, that "in computing revenues that contribute to the rate of return on assets, no distinction will be made as to the sources of revenue, including duty-free sales and other commercial revenues." Although the memorandum is dated April 6 1983, it did not prevent the Secretary of State for Trade and Industry referring only the commercial activities of BAA to the Monopolies and Mergers Commission (MMC) on March 11 1985. A referral at that time suggests that it was accepted that the single till principle should not be allowed to enable BAA to make monopoly profits on its commercial activities.

MMC made some relatively minor recommendations, but found that BAA's commercial activities were not being operated against the public interest. In 1980-81 BAA started reporting its financial results based on current cost accounting (CCA) which had the effect of reducing substantially both profit and return on the capital as compared with historic cost accounting (HCA) figures. Although the accountancy profession had abandoned the CCA experiment by the time the MMC investigation took place, the report expressed no surprise either that BAA was still using this accounting convention or that, even using this method, the return on capital employed of BAA's commercial activities in 1984-85 was 50.7 per cent.

Now that BAA is being warmed up on the privatisation runway one must presume that all the old CCA (low level) profits will be swept under the carpet and that HCA (much higher) profits will be wheeled out instead. The question is, what rate of return on capital employed, using HCA figures, are BAA's commercial activities really making?

For 1985-86 BAA reported an operating profit of £83m (CCA) and £129m (HCA). The £83m was achieved by commercial activities generating a profit of approximately £109m and traffic activities losing approximately £26m. Converting these results to HCA using a factor of 129 divided by 83 suggests that commercial activities made a profit of £169m, while traffic activities lost £40m. According to the MMC report, BAA's average capital employed (CCA) in commercial activities in 1984-85 was £189.7m or 21.3 per cent of average net assets. Taking the same percentage of average net assets for 1985-86 produces a figure of approximately £218m which needs to be adjusted to HCA by applying a factor of 504 divided by 1022 being HCA over CCA average net assets, and the answer is approximately £110m. Prima facie therefore BAA's commercial activities in 1985-86 generated a profit of £169m on average capital employed of £110m, a return of 153 per cent. The alleged 50 per cent return on capital being achieved by the bank credit card companies, for which the Office of Fair Trading referred them to the MMC last week, pales into insignificance in comparison.

It would appear that BAA is taking the single till principle to grotesque extremes and to the grave detriment of those who, like me, use BAA airports for reasons other than flying.

Shaun Duggan.
*The Grove,*
*Turners Hill,*
*West Sussex.*

## A rebirth of the grammar schools

*From Mr R. Bonwit*

Sir,—Mrs Thatcher's proposal to allow individual state schools to opt out of control by the local education authority should be seen in a wider context. The class split in primary and secondary education is peculiar to the English system. It has been blamed for helping to divide our people into "two nations" and for delaying the realignment of education to meet the challenge of the post-industrial society.

A saving grace of the old system was the existence of local grammar schools, many of them financed by "direct grant" from the Government. They provided a social bridge across the class divide and helped to foster the talents of children growing up in families which could not afford the cost of the private school sector. Three post-war Prime Ministers were products of this facility.

As Education Secretary in a Labour government, Shirley Williams systematically forced the grammar schools either to amalgamate with the newly emerging comprehensive schools, or else to take refuge in the private, fee-paying sector as about half of them did. Since Mrs Williams refrained from tackling the problem of the private schools, she in fact deepened the social split in secondary education by inducing many families, who could ill afford it, to make personal sacrifices in order to ensure for their children a, to them, tolerable school environment.

Now Mrs Thatcher—herself an eminent product of a grammar school—appears to favour the refounding of a sizeable number of direct-granted, non-fee-paying secondary schools. This could help to free our public and private life from the scourge of the clash of educational shibboleths, illustrated by some of the less commendable episodes in the election campaign. One may well feel uneasy about some class-divisive aspects of Thatcherism; but the proposal for a revival of grant-aided, non-fee-paying secondary schools deserves consideration on its merits.

Ralf Bonwit.
*Kiln Lane,*
*Binfield Heath,*
*Henley-on-Thames, Oxon.*

## High European air fares

*From Mr A. J. Lucking*

Sir,—Mr David Sawers (May 27) is right to focus on low staff productivity as one cause of high European air fares. Perhaps we too need the new American-style airline managers, who insist: "You guys are gonna fly twice as much, and get paid half as much."

Another factor is that the airlines collect so much less on average than the local fares paid by European businessmen. They award hefty discounts as "come ons" to intercontinental travellers, selling, for example, "free" European trips to Australian tourists. Ten years ago, this cut the average receipt on routes such as London-Paris by 10 per cent, and it is likely that this revenue dilution has doubled now.

Ten years ago also, the Civil Aviation Authority reported that many of the local discounted fares were loss makers too. On the longest European routes it emerged that 84 per cent of the traffic was paying such fares and that the routes were loss makers, even though the "on demand" fares were much above cost. I believe that this pattern has not changed. Certainly the CAA still rejects many BA fare increase applications, because they exceed costs too much.

However, the highest hurdle is that staff costs are much greater on the Continent. To neutralise this factor when the boot is on the other foot, you reported on March 19 that Philippine Airlines had paid BA £745,000 and increased its "total compensation" by 60 per cent to "buy" a third frequency. One wonders if the payments under some of the European pooling agreements are calculated in the same way.

Countries need their airlines as national strategic reserves and cannot contemplate their being bankrupted by inherently lower cost foreign carriers, and so the scope for effective global competition is limited. Where competition is impractical, the regulators must stand proxy, as suggested by the National Consumer Council.

A. J. Lucking,
*Flat 20,*
*17, Broad Court,*
*Bow Street, WC2.*

## Copyright piracy

*From the Director General and Chief Executive, International Federation of Phonogram and Videogram Producers.*

Sir,—Lord Winchilsea's letter (May 30) about the problem of copyright piracy in Indonesia is based on a fundamental misconception. It is not the case that the draft copyright bill "gives full and complete protection" to western copyright owners. That protection is crucially dependent on the copyright owner's country of origin sharing with Indonesia either a bilateral treaty on copyright matters or membership of the Berne Convention or other international copyright convention. At present Indonesia has no bilateral agreements and is not a member of either of the international copyright conventions.

As the organisation which brought a complaint against Indonesia to the EC Commission, we therefore do not accept with Lord Winchilsea's contention that to seek full and equitable copyright protection in that country by means of a complaint will be less effective than the "diplomacy" he recommends. Last year, the United States government received a similar complaint from its copyright industries. It has now given the Indonesian authorities until October 1 to provide full copyright protection for foreign rights owners. If no such measures are taken, Indonesia stands to lose its privileged trading status with the US under the generalised system of preferences. Experience has shown that trade complaints under Section 301 of the United States Trade Act (which provides for a similar complaint procedure) have been effective in securing copyright protection, for example in Korea, Singapore and Taiwan.

Without wishing to underestimate the usefulness of diplomatic contacts, it seems to us more likely that moves by the EC Commission and the US will do more to persuade the Indonesian government to change its policy on international copyright than have many years of patient diplomacy.

Ian Thomas.
*54 Regent Street, W1.*

FINANCIAL TIMES

Friday June 5 1987



**David Housego in Paris reports on the confrontation threatening Jacques Chirac's presidential hopes**

# Echoes of past as French right falls out

WHEN THE fortunes of French Socialists have seemed at their lowest ebb in recent years, their leaders have always found consolation in the thought that they would never have won the 1981 presidential election but for the divisions among their right-wing opponents.

As this week's confrontation between Mr Jacques Chirac, the Prime Minister, and Mr François Leotard, his Minister of Culture, has once again demonstrated the self-destructive instincts among French conservatives, the Socialists have been rubbing their hands with glee at the prospect of history once again repeating itself.

For the one sure winner from the quarrel that has been played out in press headlines and nightly television bulletins is President François Mitterrand, who now seems increasingly likely to stand for re-election next May.

The confrontation could not have come at a worse time for Mr Chirac's administration. All the economic forecasts have turned gloomy for a government that came to power hoping to reap the windfall gains of a decline in the oil price and the dollar.

Mr Mitterrand is now given as clear victor by the public opinion polls should a presidential election be held today – notwithstanding the equally clear majority that the right has in voting preferences in the country.

The conflict also has for many voters unfavourable echoes of the sterile quarrels between parties and politicians that marked the

Jacques Chirac

Fourth Republic before General de Gaulle revised the constitution to avoid them.

Whether Mr Leotard decides to resign on Saturday – it remains an open question as to what he will tell the Congress of the Parti Republicain, of which he is president – the conflict is bound to leave scars. For Mr Chirac's attempt to curb Mr Leotard has already drawn from other party leaders in his coalition a formal statement that they intend to maintain their right to speak out independently.

Thus the Prime Minister's hope that other presidential candidates on the right would pocket their ambitions for the rest of the year – thus allowing the Government to demonstrate its efficacy and Mr Chirac to profit from its success – has been sorely bruised. The risk is that with only a small majority in the National Assembly, a divided government could become a lame-duck administration.

Though this week's crisis seemed to erupt suddenly, it has long been simmering. As the economic environment, the problems posed by Mr Jean-Marie Le Pen's National Front and the opinion polls have turned against Mr Chirac's chances of winning the presidency, so his hold over his cabinet has weakened.

At the same time, it is widely accepted that the defeat of Mr Chirac – or indeed of Mr Raymond Barre, the former Prime Minister and the other main candidate on the right – would produce a realignment of parties on the right and centre.

Among those who would expect to gain from this is Mr Leotard, at 45 one of the youngest senior ministers in the Government and a disciple of former President Valery Giscard d'Estaing. Mr Leotard is a "show business" politician with a Kennedy-style approach who is treated condescendingly by the elders of the conservative establishment as "le petit Leo."

But Mr Leotard has charisma on a public platform and on the television screen. As a minister his record has been indifferent, with the problems of privatising TF 1, the first television channel, blamed on his haste.

From being close to Mr Chirac – there was talk of a double ticket with Mr Chirac standing as President with Mr Leotard as his Prime Minister – the relationship has soured. Mr Leotard took issue with the Government's handling of the

François Leotard

student strike in the winter and was irritated at Mr Chirac's steam-roller tactics towards himself and his friends.

The trigger to the crisis – the publication on Monday of an interview in which Mr Leotard said he would not support Mr Chirac in the first round of the presidential election – came at a delicate time for the Prime Minister. He had already had other challenges recently to his leadership, notably from Mr Michel Noir, the young Minister for External Trade, who said publicly that it would be better to lose the presidential election than compromise with Mr Le Pen.

Mr Chirac was thus under strong pressure from the Gaullist old guard in his party to reimpose his authority. The need to do it rapidly was important because Mr Leotard intended to use his party congress this weekend to launch its presidential campaign.

The unforseen element in the confrontation is that in telling Mr Leotard to choose between his responsibilities as a minister and those as party leader, Mr Chirac has provoked other party leaders within the coalition to insist publicly on their freedom of expression for fear their own influence and independence within the Government could be minimised as well.

Mr Chirac's partner in the coalition is the centrist UDF – an umbrella organisation for Christian Democrat and liberal parties of which the Parti Republicain is the most important. Its executive committee in a statement on Wednesday insisted on their continuing right to speak out.

This is all the more important in that Mr Chirac's administration does not derive its power, unlike other government's of the Fifth Republic, from the President. In the context of cohabitation (a Socialist President with a Conservative Prime Minister), executive power ultimately resides in Parliament. Mr Chirac's premiership and the programme on which his policy is based stems from a pact struck by the leaders of the coalition victorious in last March's general election.

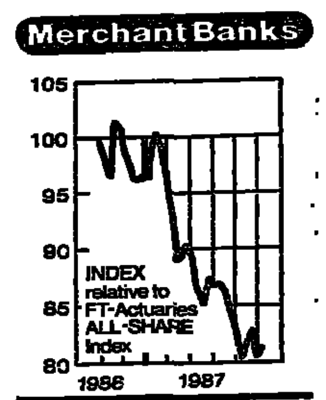
The question now must be what type of grip Mr Chirac can maintain on this coalition as the divergent interests of its members begin to surface more as the presidential election approaches.

## THE LEX COLUMN

# Echoes from the Bang

The City is thoroughly aware of the costs to merchant banks of its revolution, as the sector's performance since October last year demonstrates. Had Hill Samuel's results not been released on the same day as Smith New Court's, the market might have taken the small fall in the former's merchant bank profits fairly well. But the ex-jobber's profitability under the new regime looked the more impressive, and further questioning reinforced that view. The loss of interest on the capital pushed into Hill Samuel's market-making business appeared as a rise in the central expenses and that too might be deemed to be a Big Bang cost, on top of the extra depreciation and staff overheads. The comfort provided by the non-merchant bank half of the group was not thick enough to absorb the blow.

The 10p fall, to 492p, in Hill Samuel's share price might have been worse but for the near 27 per cent of the share capital now in the hands of five Antipodean investors. It is hard to see, though, how those shareholders can add value either for themselves or the rest of that community given Hill Samuel's determined independence and the authorities' likely stance. The shares, boosted by the stake building, may no longer escape the rest of the sector's misery.




### Trafalgar House

Willing sellers often become much less willing when a serious buyer appears. Unitholders in the Pension Fund Property Unit Trust who have been flocking to the exit for years as the trust (in line with other such vehicles) underperformed the securities markets by miles, are now reassessing their investments in light of the Trafalgar House bid approach. They will be aided in their deliberations by yesterday's letter from the trust's chairman rejecting the offer and revealing a sudden rise in the portfolio's value. The letter also outlines proposals to gain authorisation and eventually a stockmarket listing for PFPUT, both of which might be expected to increase the unit price.

After a year when the bid price barely moved, despite the rise in City rents, an 11.7 per cent gain in two months, largely because of that increase, comes as rather a surprise. The independent valuers, Jones Lang Wootton, may originally have been a little too conservative in not taking account of the City boom until it actually showed up in the trust's own properties. Any unitholders who redeemed their investments earlier will now be kicking themselves, unless they promptly reinvested in equities.

Clearly Trafalgar's opening shot – based on the March valuation – will no longer do, especially if the portfolio's worth is continuing to rise. And arguably, Trafalgar, having spotted what seemed an undervalued portfolio, ought to pay a premium for control. On the other hand, many unitholders have been prepared to take a discount to get out of the trust quickly. With nearly 15 per cent of the portfolio in hard-to-sell agricultural land, this does not look like a disguised rights issue by Trafalgar. To gain control Trafalgar would need the support of 75 per cent of the unitholders, and unlike a corporate bid, it cannot build up a stake in its target. But still unitholders are all of a sudden in a rather enviable position.

### Investment

Anxieties about capacity constraint may be partially soothed by the DTI's latest investment intentions survey for 1987 showing manufacturing investment up by 4 per cent (from the 2 per cent projected in December). However, when the industrialists were being quizzed, the Tories' huge lead in the opinion polls was more apparent than the effects of an appreciating currency.

The experience of the 1970s may have proved that a high (if erratic) level of investment is not a suffient condition for sustainable economic growth, but the investment bounce-back from the artificially depressed figure of 1986 is still not enough to satisfy most economists. The higher cost of capital following the phasing out of capital allowances is helping to keep the investment: output ratio relatively low, and despite lower interest rates financial assets are still attractive to companies. Strong improvements in productivity and return on capital figures can be sustained at these levels of investment – keeping the equity market happy – but will not do much for the dole queues.

### Lonrho

Given the presentational elbow room available to Lonrho it seems odd to produce such disappointing interim figures just before the Tokyo offering. Conspiracy-theorists are implausibly suggesting that the company is deliberately depressing its price to make itself more attractive to the Japanese. If it were subsequently possible to prevent a decline in rating and sentiment such a view may carry weight, but Lonrho is far too secretive to manage such a balancing act, as the scant information provided with these figures underlines.

Lonrho now has a clear second half bias and there is not reason to doubt the confident predictions that the tilt will be even more in evidence this year thanks to Western Platinum and the bounce back in UK leisure. There are also probably good reasons for the miniscule rise in first half earnings per share (and the actual fall in post-tax profits), centring on African currencies and commodity prices. With no good explanation for the shortfall analysts have not been prepared to cross their fingers for the second half, but even after marking down their full year forecasts Lonrho's rating is still in single figures.

Lonrho's defensiveness is increasingly counter-productive. It will never come off some institutional black lists but to a new generation of fund managers it is a perfectly acceptable face of capitalism; a trading stock with an attractive mining play. The Japanese, too, will be more interested in the dividend (up 10 per cent at the interim stage) than the company's exotic history – but not if the price is falling.

# UK firm's profits rise after 'Big Bang'

By Clive Wolman in London

SMITH NEW COURT, the only independently listed UK securities firm, yesterday announced a sharp profits rise since October, contradicting fears that the Big Bang deregulation reforms had squeezed or wiped out the profit margins of London stock exchange member firms.

The company is to raise £53m ($87m) in capital to allow it to carry out larger share deals and to expand internationally. About £38m will be raised through the takeover and liquidation of New Court Trust, an investment trust managed by N. M. Rothschild, the merchant bank.

Pre-tax profits rose from £3.4m in the half year to October 24 to £7.0m in the six months to April 24. The second half coincided with the Big Bang deregulation of the Stock Exchange. The company's pre-tax profits in the period from October to April 1986 were £3.2m.

As a result of earlier additions to the company's share capital, its year-on-year earnings per share increased by only 21 per cent to 20.8p, although since October, earnings per share have almost doubled.

Like other stockbroking firms, Smith New Court has suffered a sharp cut in the average commission rates it charges to institutional investors, to about 0.2 per cent.

In its core business of market-making in UK equities, an influx of new competitors has forced the firm to charge narrower spreads between buying and selling prices. Meanwhile its share of all trades in equities has fallen from 25 per cent pre-Big Bang to a probable 18 to 20 per cent now. However, the firm has benefited from a dramatic upsurge in the volume of trading since October and, it is thought, from the lack of experience of the rival market-makers with whom it carries out a high proportion of its trades.

The firm has also made higher profits from increased trading in overseas equities, both from London and from its overseas offices.

Mr Geoffrey Lederman, joint chief executive, said that little or none of its profits since October had come from holding shares in a rapidly rising stock market.

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# Italian chic for Russian runway

BY ALAN FRIEDMAN IN MILAN

GLASNOST is to take yet another turn in Mr Mikhail Gorbachev's Russia next week when a select group of Soviet government officials is shown the Milanese fashion of Giorgio Armani, the high priest of Italian chic.

The Armani group, which excitedly broke the news in Milan yesterday, said it would present the Emporio Armani line of men's and women's clothes next Tuesday evening in Moscow. The invitation has been extended by the Soviet Ministry of Light Industry, and the 750 guests staring down the Armani runway next week will include senior government officials, representatives from the clothing industry, Soviet designers and textile and clothing manufacturers.

Twenty-eight Soviet models (15 women, 10 men and three children) have been hired from Moscow's Dom Modelej agency for the event, which will feature 120 fashion outfits ranging from jeans to evening wear.

Armani, which last year made a L47bn ($35.7m) operating profit on L282bn ($214m) of revenues, is hoping to come away with a Soviet commercial agreement in the next few months. "I think we shall have to rule out the opening of boutiques, but some collaboration could be achieved," Mrs Gabriela Forte, an aide to Mr Armani, said.

Just about the only person missing from the Moscow fashion extravaganza will be the 53-year-old Mr Armani himself. "He is busy putting the finishing touches on the new 1988 spring-summer collection," Mrs Forte explained, adding that the king of Italian fashion will make a personal appearance in Moscow in September.

Quite what the Armani show in Moscow could mean for East-West relations is hard to say, but following the recent launch of a Russian-language version of West Germany's fashion magazine Burda it appears that Mrs Gorbachev is not the only Soviet woman with an interest in the chic side of life.

# British Conservatives take fresh comfort from opinion polls

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT, IN LONDON

THE BRITISH Conservative Party yesterday took fresh comfort from the latest opinion polls suggesting they remain on course for victory in next week's general election.

A day of rumours about a further substantial erosion of the party's lead provoked a fresh bout of nervousness in the City of London which hit UK government bonds and share prices.

The latest Marplan poll conducted for The Guardian newspaper shows that the main opposition Labour Party has made further inroads into support for the Government of Prime Minister Margaret Thatcher. But it still shows a 10 percentage point gap between the two major parties.

According to the poll, which was conducted yesterday among 1,576 voters, Mrs Thatcher's party remains at the 44 per cent level recorded a week ago, with Labour rising from 32 per cent to 34 per cent. The Alliance – grouping the Social Democrat and Liberal Parties – stands on 20 per cent, down 1 point.

Having opened sharply lower, sterling then showed little overall change during a jittery session. It closed at DM 2.9525 compared with Wednesday's closing DM 2.9700 and at $1.6240 after $1.6435.

UK Government bonds closed with losses of up to 1⅛ per cent.


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One UK primary dealer said yesterday saw the first signs of genuine concern in the gilts market that the Conservatives may not win an overall majority.

The same worries hit share prices. The FT-SE 100 index closed 21.2 points lower at 2,214.2, while the FT ordinary lost 5.0 to end at 1,724.6.

After three weeks of campaigning for the June 11 elections, in which Mrs Thatcher is seeking a record third consecutive term in office, most opinion polls put the ruling Conservative Party 9 and 10 percentage points ahead of Labour, enough to give Mrs Thatcher's Tories a majority of more than 100 seats in the 650-seat House of Commons. These surveys are in line with most pre-election forecasts.

But three other polls taken over the past two days have painted a different picture, suggesting that the Tories might end up with the slenderest of majorities.

To command an overall majority in parliament, a party needs to win at least 326 seats. In the last parliament the Tories held 391 seats, Labour 204, the Alliance 27 and other parties, mainly Northern Ireland nationalists, 21 seats.

Both the Tories and Labour are opposed to any deals in the case of a "hung" parliament when no party obtains an overall majority.

Labour Party strategists met yesterday and decided to go into the last few days concentrating on the "moral base" of their campaign. They began immediately by attacking the Government's record on the health services and giving notice that Labour intended to shrink the private health sector in order to raise the standards of public health services.

# Sharpeville gives warm welcome to Botha

By Anthony Robinson in Johannesburg

PRESIDENT P. W. Botha was given a tumultuous welcome yesterday when he visited the black township of Sharpeville south-east of Johannesburg the scene of a massacre of black demonstrators against the pass laws 27 years ago.

Mr F. W. de Klerk, a clearly delighted Transvaal party boss who accompanied the president, said the welcome demonstrated the great fund of goodwill which still existed in the black community. Other ministers hinted that the visit would be followed up by further meet-the-people sorties into black communities.

President Botha, constitutionally the paramount chief of all black South Africans, began his visit to two townships near Johannesburg when he landed by helicopter in Sebockeng which, in September 1984, was the epicentre of rent riots which sparked off nearly-three years of violent black protest.

The visit, less than a month after the white elections, was designed to symbolise the start of a new attempt to woo moderate blacks to the negotiating table. But his high profile visit, to be presented with the freedom of the city, received an unexpected setback when Mr Esau Mohlatse, major of the six-township Lekoa town council criticised key aspects of Pretoria's proposals for future black/white power sharing, which leaves authority in the hands of the white minority.

Over the last three years black councillors, elected in 1983 after heavily boycotted elections, have borne the brunt of attacks by radical opponents of apartheid who have criticised the new councils as puppets of Pretoria. Mr Mohlatse appeared to be conscious of the need to restore the credibility of such councils by making clear that Pretoria will have to make major concessions if it wants to ensure the future co-operation of moderate blacks.

Absent from yesterdays proceedings were leaders of the unofficial Vaal Civic Asociation, who earlier distributed pamphlets calling for a boycott of the ceremony. Many unofficial community leaders linked to the United Democratic Front (UDF) are either still in detention or on trial for treason in the nearby town of Delmas.

Mr Mohlatse spoke of black objections to what he called "the mere advisory nature" of the proposed statutory council and "sincerely urged" the president to abandon it. He also had strong words for the president's rejection of parliamentary representation for blacks.

President Botha, who last made an official visit to a black township 10 years ago when he went walkabout in Soweto, replied by calling upon "responsible leaders and members of this community to assist the government in its attempts to rid society of radicals and fanatics who kill people and destroy property."

Disinvestment urged, Page 4

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 24 | 75 | Dubrovnik | S | 21 | 70 | Malta | S | 23 | 73 | Rhodes | S | 23 | 73 |
| Algiers | S | 30 | 86 | Edinburgh | C | 11 | 52 | Manchester | C | 12 | 54 | Rio de J'o | C | 24 | 75 |
| Amsterdam | C | 18 | 64 | Faro | S | 28 | 82 | Manila | S | 36 | 97 | Rome | S | 25 | 77 |
| Athens | S | 29 | 84 | Florence | C | 22 | 72 | Melbourne | C | 14 | 57 | Salzburg | R | 13 | 55 |
| Bahrain | C | 35 | 95 | Frankfurt | R | 18 | 64 | Mexico City | C | 28 | 82 | San Francisco | C | 18 | 64 |
| Bangkok | C | 33 | 91 | Funchal | S | 23 | 73 | Miami | C | 28 | 82 | Seoul | S | 28 | 82 |
| Barcelona | C | 21 | 70 | Geneva | R | 21 | 70 | Milan | R | 16 | 61 | Singapore | C | 30 | 86 |
| Beirut | S | 24 | 75 | Gibraltar | S | 25 | 77 | Montreal | R | 26 | 79 | Stockholm | C | 16 | 61 |
| Belfast | C | 12 | 54 | Glasgow | F | 13 | 55 | Moscow | C | 18 | 64 | Strasbourg | R | 15 | 59 |
| Belgrade | C | 27 | 81 | Guernsey | F | 14 | 57 | Munich | R | 15 | 59 | Sydney | S | 17 | 63 |
| Berlin | R | 18 | 64 | Helsinki | C | 14 | 57 | Nairobi | R | 21 | 70 | Taipei | C | 33 | 91 |
| Biarritz | S | 20 | 68 | H. Kong | R | 27 | 81 | Naples | S | 23 | 73 | Tangier | F | 22 | 72 |
| Bombay | S | 28 | 82 | Innsbruck | R | 14 | 57 | Nassau | C | 30 | 86 | Tel Aviv | F | 25 | 77 |
| Bordeaux | C | 18 | 64 | Inverness | F | 13 | 55 | New Delhi | C | 42 | 107 | Tenerife | S | 29 | 84 |
| Brussels | C | 17 | 63 | Islamabad | S | 37 | 99 | New York | C | 19 | 66 | Tokyo | S | 29 | 84 |
| Budapest | C | 21 | 70 | Istanbul | S | 23 | 73 | Nice | S | 19 | 66 | Toronto | C | 18 | 64 |
| B. Aires | C | 16 | 61 | Jakarta | C | 33 | 91 | Nicosia | C | 27 | 81 | Tunis | S | 30 | 86 |
| Cairo | S | 31 | 88 | Jersey | C | 17 | 63 | Oporto | R | 16 | 61 | Valencia | C | 29 | 84 |
| Cape Town | F | 16 | 61 | Jo'burg | S | 19 | 66 | Oslo | C | 16 | 61 | Venice | R | 20 | 68 |
| Caracas | C | 27 | 81 | Lima | C | 21 | 70 | Paris | R | 21 | 70 | Vienna | R | 22 | 72 |
| Casablanca | F | 22 | 72 | Lisbon | C | 24 | 75 | Peking | n/a | – | – | Warsaw | S | 16 | 61 |
| Chicago | S | 25 | 77 | London | R | 19 | 66 | Prague | C | 15 | 59 | Washington | S | 30 | 86 |
| Cologne | R | 16 | 61 | Los Angeles | C | 28 | 82 | Reykjavik | R | 10 | 50 | Zurich | R | 11 | 52 |
| Copenhagen | R | 15 | 59 | Luxembourg | C | 15 | 59 | | | | | | | | |
| Corfu | S | 22 | 72 | Madrid | S | 31 | 88 | | | | | | | | |
| Dallas | C | 23 | 73 | Majorca | S | 29 | 84 | | | | | | | | |
| Dublin | R | 16 | 61 | Malaga | S | 33 | 91 | | | | | | | | |

*Readings at mid-day yesterday:*
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# Transatlantic drinks deal

Continued from Page 1

Majestic has grown rapidly since it was founded in 1981 by Mr Giles Clarke and Ms Esme Johnstone. Profits have increased steadily to top 5 per cent of turnover, ahead of the industry average.

Its premises are sited mainly in converted, no-frills buildings such as old cinemas, libraries and petrol stations. About 700 varieties of wine are sold from boxes stacked on pallets on bare concrete or wooden floors. Other products on offer include curiosities such as mustard and vinegar.

The only concession to 1980s retailing style is the network of IBM computers which links store check-outs to head office.

Most Liquor Barn stores are positioned in modern edge-of-town shopping malls in California and Arizona, where Safeway developed its supermarket chain.

The speciality drinks operation grew as Safeway moved to large, 75,000 square foot superstore sites out of town, and installed Liquor Barn in the vacated supermarket premises.

The chain claims a 20 per cent share of the northern California take-home drinks business, 9 per cent in the south of the state and 20 per cent in and around Phoenix and Tucson, Arizona.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday June 5 1987



# Kluwer rejects Elsevier approach

By Laura Raun in The Hague

KLUWER, the third largest Dutch publishing company plans to fight a hostile takeover bid by Elsevier, the second biggest publisher, in a move that is shaping up as the most contested battle in the Netherlands in recent years.

Kluwer's share price soared 22 per cent to Fl 325 ($159) yesterday on the Amsterdam Stock Exchange, boosting the market value of the company to at least Fl 780.

Mr Joop Alberdingk Thijm, chairman of Kluwer, explained yesterday that his company would resist unwanted advances because it does not share Elsevier's ambitions of becoming one of the largest publishers in the world. Kluwer's strategy is to specialise in scientific educational and professional publications by fostering creativity in small units, unlike its bigger rival, which wants to dominate similar areas by sheer size, Mr Alberdingk Thijm said.

Elsevier made the surprise announcement on Wednesday that it intended to acquire Kluwer through a public offering in spite of Kluwer's earlier indications that it opposed such a move.

If Elsevier insists on pursuing its bid, which seems likely, Kluwer plans to issue preferred stock within a week, which would be placed in a dormant internal foundation controlled by a supervisory board. The preferred stock would double the share capital and put 51 per cent of the voting rights in the hands of the foundation.

In other ways Kluwer is already well armed. It has one priority share in a second supervisory board-controlled foundation which has veto rights on any changes to the articles of incorporation. The supervisory board itself has wide powers throughout the company and is immune to efforts by outsiders to appoint members.

# Brazil loans downgraded by Canadian Imperial

BY BERNARD SIMON IN TORONTO

CANADIAN IMPERIAL Bank of Commerce has joined Canada's other five large banks in downgrading its loans to Brazil, thereby denting its second quarter financial performance.

CIBC's net income was virtually unchanged at C$75.1m (US$54m) or 46 cents a share in the three months ended April 30, compared with C$74.3m or 48 cents a year earlier. Six months' income rose from C$161.3m to C$171.6m.

The designation of CIBC's C$1.1bn exposure to Brazil as non-accrual loans cut second quarter interest income by C$42.3m and net income by C$21m. The non-accrual classification means that interest is only accounted for when actually received.

The six major Canadian banks which have reported results in the past 10 days have reclassified a total of C$5.4bn of loans to Brazil as non-accrual.

Mr Donald Fullerton, CIBC's chairman, said yesterday that despite expectations that interest payments would eventually be resumed, "we consider it prudent and good stewardship to discontinue recording the interest due on the loans." In terms of this policy, all outstanding unpaid interest has been reversed.

Despite these setbacks, interest income rose slightly in the second quarter to C$535.6m. In addition, non-interest income jumped by C$45.7m to C$214.9m. The bank ascribed the increase to fees earned from credit-related businesses and deposit and foreign exchange services.

CIBC's assets grew by 13 per cent to C$87.9bn, thanks to a larger securities portfolio and rising mortgage advances reflecting the buoyant Canadian housing market.

CIBC is the biggest creditor of Dome Petroleum, the debt-laden oil and gas producer presently trying to convince its lenders of the benefits of a takeover bid from the US oil group Amoco.

# ICN Pharmaceuticals sues broker

BY ANATOLE KALETSKY IN NEW YORK

ICN PHARMACEUTICALS, the controversial California drug company whose stockmarket fortunes have oscillated violently in line with claims about its Ribavirin anti-AIDS drug, yesterday sued Gilford Securities, a small New York stockbroker, for illegally manipulating its share price and claimed damages of $600m.

The suit claims that Gilford mounted a systematic attack on ICN's stock price, in violation of Federal securities and racketeering laws, in order to generate short-sale profits for itself and its customers.

ICN shares, which trade at present at around $11, hit a peak of $34 earlier this year on speculation that Ribavirin, which is on sale only in Mexico, would soon be approved for AIDS treatment in the US

ICN's suit, presented to the US District Court in Manhattan, charges that Gilford contacted ICN shareholders and offered them "false" and "disparaging" information about the company.

Gilford told some ICN shareholders that it had access to confidential non-public sources to substantiate its claims, the suit says.

The suit consists of $100m in compensatory damages and $500m in punitive damages under the Federal Racketeer-Influenced and Corrupt Organisations Act and in a related action for slander and misappropriation of trade secrets.

Gilford Securities, whose capital amounts to $1m, had no immediate comment on the action.

# Endesa reduces 1986 losses

SPAIN's state-owned steel producer Empresa Nacional Siderurgica (Endesa) said it had cut its losses in 1986 to Pta 14.49bn ($114m) from Pta 17.73bn in 1985, **Reuter reports from Madrid.**

Sales fell to Pta 153bn from Pta 186bn in 1985, reflecting a surge of steel imports after Spain's accession to the European Community. Output, by volume, fell 12.3 per cent from 1985 to 3.93m tonnes in 1986.

The statement said Endesa's owner, state holding company Instituto Nacional de Industria, had approved a Pta 21.5bn capital increase.

The statement said Endesa's net financial costs fell to Pta 13.15bn from Pta 17.46bn in 1985, because of reduced debt-servicing charges following a capital restructuring.

Net financial charges, expressed as a percentage of turnover, had dropped to 8.2 per cent from 9.2 per cent.

Low-cost imports into Spain from other EC countries rose by 89.1 per cent last year.

Endesa sales, by value, in its domestic market totalled Pta 99.28bn pesetas while exports amounted to Pta 53.65bn.

The company pay-roll was cut by 1,700 to 17,700 in 1986.

# Buoyant Horten to resume dividend

By Our Financial Staff

HORTEN, the West German retailer, saw store sales beat forecasts for the first five months of 1987 and is on target to pay a dividend again this year, Mr Heinz Garsoffsky, managing board chairman, said yesterday.

January-May sales at Horten's 58 stores fell to DM 1.254bn ($697m) from DM 1.264bn although this was "surprisingly good" because turnover for the same period in 1986 had been helped by an anniversary sales campaign, Mr Garsoffsky said.

In the 10 months to end 1986 net profits were DM 26.3m against losses of 84.4m in the year to end February 1986.

Mr Garsoffsky said turnover for the first 10 months of 1986 rose 12.9 per cent to DM 2.754bn. For the 12 months to end 1986 sales rose to DM 3.221bn from DM 2.906bn.

The company planned to replenish voluntary reserves this year to pay a dividend, after omitting a pay-out for the 1986 10-month period and in 1986/1987.

# Bear Stearns edges ahead

By Our Financial Staff

BEAR STEARNS Companies, the Wall Street investment bank which went public in October 1985, yesterday reported fourth-quarter net earnings of $44.7m or 51 cents a share against $42.3m or 50 cents. Revenues rose to $596.3m from $559.5m.

For the year ended April 30, the company had net earnings of $173.1m or $2.02 a share, against $131.7m or $1.55. Revenues rose to $2.38bn from $2.16bn.

# BankAmerica asks for Japanese capital funding

BY YOKO SHIBATA IN TOKYO

BANKAMERICA, the troubled West Coast banking group, has asked major Japanese banks to provide it with $200m to 300m as part of a $1bn capital increase aimed at strengthening the group's battered finances.

Mr A. W. Clausen, BankAmerica's chairman, made the request in Tokyo to executives of Daiichi Kangyo Bank, Sumitomo Bank, Mitsui Bank and the Industrial Bank of Japan.

Japanese banking officials said financial assistance to BankAmerica could come either via new BankAmerica preferred shares or subordinate bonds. Mr Clausen asked the Japanese banks to accept subordinate bonds.

Mr Clausen, who visited Japan on Sunday for the 40th anniversary of the bank's Tokyo branch, also met senior executives of Japan's Finance Ministry, and the Bank of Japan.

The Japanese commercial bank executives made no commitment, but some of the banks are studying the request positively, hoping that any Japanese assistance to BankAmerica will help alleviate mounting financial friction between the two nations.

However, some Japanese banks are reluctant to extend financial assistance. One bank executive said that, with US banks bitterly criticising Japanese banks for their low capital ratios, it was ironic that Japanese banks were having to help a US bank raise its capital ratio.

In San Francisco Bank of America, said it had no comment on the outcome of Mr Clausen's trip to Japan, although bank officials confirmed that there had been "general business discussions" with Japanese banks.

Bank of America's $1bn capital raising plan, announced earlier this year, was one of the issues arising in these talks.

One possibility being rumored in Tokyo is that 17 Japanese banks would form a syndicate to accept preferred stock or subordinate debts to be issued by BankAmerica.

**Deregulation in Japan: Page 27**

# Northern Telecom to expand in Europe

NORTHERN TELECOM, the Canadian telecommunications equipment group, plans to increase its presence in West Germany, Mr Edmund Fitzgerald, chairman and chief executive, told a presentation in Frankfurt, **Reuter reports from Frankfurt.**

"Germany is strategically important for NT and we intend to expand our presence by offering long-term value to end-users," he said.

NT would be hard pressed to keep its globel position unless it became more active in Europe, he added.

NT was seeking alliances or joint ventures with European firms, but Mr Fitzgerald ruled out an acquisition after NT's failure to buy ITT's telecommunications subsidiaries.

NT lost out to France's Compagnie Générale d'Electricité, which bought all of ITT's European telecommunications units and formed a new group, Alcatel.

NT currently derives 10 per cent of its world revenues outside North America. It aimed to raise this to 15 per cent by 1990 and 20 per cent by 1995, Mr Fitzgerald said.

"This will be difficult without some form of association with indigenous companies," he said.

NT was the sole supplier of DATEX P switching systems to the Bundespost from 1979 to 1985, earning DM 25m to DM 30m ($13.8m-$16.6m) yearly.

The Bundespost has been testing two data packet-switching networks since 1985; one from a joint venture between NT and AEG and the other from Siemens.

A decision is due in 1988 and the new contract could be worth some DM 250m from 1989 to 1994 for the winner.

NT's chief financial officer, Mr Donald Peterson, said NT aimed to improve its revenues and earnings growth in 1987. He gave no firm forecast for profits.

# Joy to borrow $658m for buy-out deal

By Our Financial Staff

JOY MANUFACTURING, the Pittsburgh-based concern which plans to go private in a leveraged buy-out, disclosed that it will have to sell all but its underground mining machinery and air pollution control businesses to pay of debt.

In a proxy statement posted to shareholders in anticipation of a special shareholders' meeting in New York today, Joy said that Joy Technologies, the company formed as a result of the buyout, will borrow about $658.6m in connection with the deal.

The company added that as a result, Joy Technologies' total indebtedness on a consolidated basis will equal about 92 per cent of its total capitalisation.

In March Joy completed the sale of its petroleum equipment business to Cooper Industries for about $57m in cash and the assumption of certain liabilities by Cooper.

# INTL. COMP. and FINANCE

## Kongsberg waiting game

BY KAREN FOSSLI IN OLSO

THE DEPTH of the financial difficulties at Kongsberg Vaapenfabrikk, the state-owned Norwegian industrial group at the centre of a creditor dispute with international banks, first became apparent in December when the company received an unexpected government cash injection of NKr 200m ($29.6m).

Four months later, as Kongsberg was forced to unveil a near sevenfold increase in 1986 net losses – from NKr 51m to NKr 339m – it had become clear to the company's government-appointed management that they had little choice but to seek more state cash or declare Kongsberg bankrupt.

The problem for the international banks is that the company demanded an extra NKr 1.2bn or more of government funds at a time when the Norwegian authorities were becoming increasingly disenchanted with the state sector.

Over the past five years state subsidies to Norwegian companies have totalled NKr 11bn and the government has plainly decided that the time is ripe for the state sector to learn to stand on its own feet.

The government has proposed and "accord option" although this has not yet been ratified by the Storting (Norwegian Parliament). The accord option will force 33 foreign banks to write off up to 40 per cent of the NKr 1.6bn outstanding to Kongsberg.

Of the loans, NKr 3.6m is in mortgage loans; NKr 784m is in medium-long term foreign currency loans; NKr 292m is in short-term facilities and NKr 279m is an overdraft facility. The three major bank syndicates which stand to suffer the greatest losses include Samuel Montague, Den Norske Creditbank (DC), and Christiania Bank.

There is a strong possibility that parliament will agree to the accord option when it meets next Wednesday. However, there will be an indication today when the Committee of Energy and Industry completes its findings and reports its recommendations to the Storting.

Kongsberg is negotiating to sell 70 per cent of its heaviest loss-maker, – its jet engine division – to a consortium of Norwegian, French and US companies, including, Snecma and Pratt and Whitney.

Statoil, the Norwegian state oil company, has been asked to take a significant stake in the consortium.

Until this deal is secured the Government cannot take a decision on the accord option's outcome. It needs to know what gains can be expected from the jet engine division disposal before it can clarify the write-offs on Kongsberg's bank borrowing. This at least appears to be the official government stance.

The banks say the implications of forcing them to take a write down on outstanding loans extend far beyond Kongsberg. They say it will have far reaching implications for Norway when it goes to the international money markets for the other Norwegian state-owned companies seeking funds."

## Litton Industries stages turnround

BY JAMES BUCHAN IN NEW YORK

LITTON INDUSTRIES, the California-based electronics conglomerate, yesterday reported net income of $34.3m or $1.29 a share in its third quarter to April after a loss of $49.5m in the third quarter of 1986.

Litton, which is active in defence and energy electronics and factory automation, reported sales all but unchanged at $1.15bn from $1.11bn. In last year's third quarter, Litton took a charge to net income of $85.9m to account for the fall in value of various assets in its resource exploration business and to reverse profits booked on a Saudi air-defence contract which ran into delays.

The company, which has been hurt by the collapse of its oil-service markets and low demand from the auto industry for industrial automation equipment, reported earnings for the nine months to April were $102.7m or $3.83 a share as against $41.1m or $1.45 a share including special charges.

## Toshiba steps up drive for European sales

By Terry Dodsworth, Industrial Editor in London

TOSHIBA, the Japanese electronics group, is stepping up its drive into the European semiconductor market by moving into the market for specialised discrete components, an area which has traditionally been dominated by indigenous suppliers.

At present, Toshiba's sales in Europe are heavily weighted towards memory devices, the tiny integrated circuits which find their way into most electronic products.

In this large volume segment of the semiconductor market, Toshiba claims a market share of between 8 and 10 per cent in Europe, whereas its overall share stands at only about 3 per cent.

The company's move into discrete products, individual transistors made in a variety of technologies, is being spearheaded by a range of power semiconductor devices used for switching applications.

Toshiba is aiming to sell these products for small motor-starting systems, high-power motor speed drives, traction applications and large capacity uninterruptible power supplies.

Mr Phil Pittman, general manager of the group's UK semiconductor division, said that the commercial launch of the new product line followed extensive customer trials in Europe. These were to see whether manufacturers would be willing to buy such specialised products from a Japanese producer.

"The power semiconductor market is very conservative," he said. "Manufacturers like to take products from someone they know just around the corner and it has taken a long time to persuade them to accept products from Japan."

Toshiba's target in launching the power semiconductor range, where it claims a technical lead over most of its competitors, is to become better known in Europe as a producer of discrete devices.

The company is aiming to develop a broader market base

## Finnish bank restructures operations

By Olli Virtanen in Helsinki

KANSALLIS-Osake-Pankki, one of Finland's two leading banks, has restructured its operations into six major business sectors. The move, which aims to respond to "constantly evolving environment and challenges of the nineties," involve no major changes in the top management.

The new sectors are: International banking; investment banking; corporate banking; retail banking; treasury and internal services. International, corporate and retail banking will be customer-oriented while investment banking and treasury concentrate on providing specialist knowledge.

Mr Jaakko Lassila, chairman and chief executive, said the main reason for the move was recent changes in the bank's operating environment – with deregulation and market forces playing an increasingly important role.

He also cites current trends within the EC which point out to increasing competition in the international banking industry.

Kansallis is the Helsinki-based parent bank of the Kansallis Banking Group, which operates in 12 countries.

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# INTERNATIONAL CAPITAL MARKETS and COMPANIES

FINANCIAL DEREGULATION IN JAPAN

## Package aims to please partners at summit

JAPAN yesterday formally unveiled a package of measures to liberalise its financial markets. It also indicated that it was prepared to consider tightening capital requirements and supervision of its banks following talks with Britain and the US, our Tokyo and Financial Staff writes.

Most of the components of the package announced by Mr Toyoo Gyohten, the vice-finance minister, had been revealed previously. They were aimed—along with last week's moves to boost the economy—to show Japan's partners at next week's Venice summit that it is meeting their demands for more open markets and a lower trade surplus.

Mr Gyohten, pointing to the risks inherent in world financial market liberalisation, said strengthening banks' capital adequacy and increasing supervision was an urgent task. US, Japanese and British authorities had reached an understanding of each others' positions in talks held since the US and UK central banks published joint minimum capital adequacy proposals last year.

The proposals have stirred fears that Japanese banks would gain competitive advantages unless they were matched by similar moves in Tokyo.

"We are now open to elevate the level of talks to a policy level, and to have more concrete talks to improve the situation," Mr Gyohten said. "There are many problems, many differences to be solved, difficulties in accounting and tax procedures."

The financial measures restated yesterday include: plans to license more foreign firms for securities and investment management business; adoption of auctions of 20-year government bonds, and sales of 20 per cent of issues of 10-year bonds by auction; expanded membership of the Tokyo Stock Exchange with more seats for foreign firms by next May; liberalisation of short-term money markets including permission of commercial paper and improved marketability of treasury bills; expanded use of financial futures by Japanese residents; and a review of the separation of banking and securities business.

The ministry also aims to revitalise the domestic bond market, which has suffered from competition with the Euroyen market, by introducing a rating system next month. It will take measures next year to introduce a shelf registration system for bond issuance, and will also investigate procedures for securitising home mortgages.

Mr Gyohten confirmed that the ministry will invite, in the near future, 10 foreign securities companies, including four foreign securities subsidiaries of US commercial banks, to apply, and will grant them securities licences as soon as possible: Licences for investment management firms are expected to be granted this month.

Mr Gyohten said 56 per cent of government bond issues would now be subject to auction, and that this figure could be increased if there was strong demand from overseas investors to do so.

## Tokyo market defies the bears

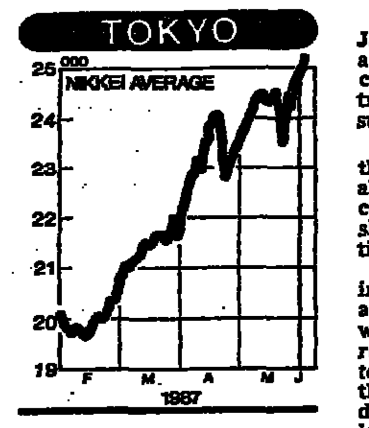
BY IAN RODGER IN TOKYO

FOREIGN securities dealers in Tokyo are becoming increasingly frustrated by the bearishness of their London and New York head offices about the outlook for the Tokyo stock market.

"All they want to know is when the bubble is going to burst," one Tokyo analyst for a British stockbroker said yesterday. A Japanese broker said he was startled on a recent European tour to find himself being asked repeatedly how much the Tokyo market was going to go down.

This bearishness has become an acute problem for the many securities firms that are opening or expanding their Tokyo offices. Some firms have become very nervous about the high financial commitment involved, and there are reports that a few are scaling down their plans.

However, in the past two months since these negative attitudes about Tokyo in Europe began to appear, the Tokyo Stock Exchange's Nikkei average has risen more than 11 per cent, breaking new ground for much of the way. The market has continued to rise this week despite the surprise resignation of Mr Paul Volcker as US Federal Reserve Board chairman, a man the Japanese rely on with almost religious conviction. Yesterday, the Nikkei average climbed another 316.71 points to close at a record 25,049.40.




Meanwhile, foreign investors sold $3.4bn worth of Japanese shares in April and probably a similar amount in May, Tokyo brokers say.

The bears' arguments for a sharp decline in the Tokyo stock market in the near future are based initially on the very high share prices which prevail. The average share on the TSE is selling about 75 times prospective underlying earnings for this year.

Bears also argue that the Japanese economy is entering a period of considerable difficulty because of its massive trade and current account surpluses.

The counter-arguments are that Japanese share prices have always seemed expensive when compared with US or European shares, but the market has continued to rise.

There are few outlets for investing money, and it is also argued that the government will succeed in its goal of reorienting the economy towards domestic demand, and the potential for domestic demand expansion is very large.

There are already indications that Japan's economic growth is beginning to accelerate again, following a year and a half of weakness, despite the continuing decline of the external contribution.

Mr Toyoo Gyohten, vice-Minister of Finance for international affairs, said yesterday that the ministry's view was that the economy's downward trend had bottomed out, and the country was on course for 3.5 per cent growth in the current year to March, 1988 compared with 2.5 per cent last year.

## Passive role in broking for US industrial groups

BY JAMES BUCHAN IN NEW YORK

THE THREE US industrial companies applying, with commercial banks, for Japanese securities licences are expected to play a passive role in the management of the new joint venture securities houses.

The three — Exxon, Chrysler and Bechtel the California engineering and construction group—are customers of the banks seeking entry into Japanese broking. They appear to be making financial investments in the $20m to $30m range with only modest expectations of indirect benefits.

Under Japanese law, entities applying for a licence to underwrite and trade securities must be no more than 50 per cent owned by commercial banks.

Manufacturers Hanover is applying with Chrysler, J. P. Morgan has allied with Bechtel and Bankers Trust is joining with Exxon. Chemical Bank is applying jointly with Lord Howard de Walden, the English landowner known for his large London property holdings and his successful bloodstock empire.

"We don't plan to be active," a Chrysler official said of the joint venture with Manufacturers Hanover, which will be capitalised at Y3bn ($20.9m). "We are just there to comply with the law." She said that the bank had "stuck with us through thick and thin."

Bechtel said that it was "not going to get involved in Japanese stock transactions." Bechtel Investment, its project finance arm, is involved with J. P. Morgan. However, the joint venture may be a means of "developing new investment opportunities," the company said.

Mr Jack Bennett, chief financial officer of Exxon, said its venture was "just a small operation" involving an investment of "tens of millions." While Bankers Trust would provide management, the operation would be useful for training Exxon people and providing visibility for Exxon in the market, he added.

"We have three major operating affiliates in Japan and they (the Japanese) do have an interest in foreign equities."

Chemical, which has made other joint ventures with Lord Howard, said its operation would have captial of $48m.

**MORGAN GUARANTY is to set up a merchant bank in Singapore later this month, and will apply for its Japanese security licence through Morgan Guaranty Pacific on the island Reuter reports from Singapore.**

**Bankers said the Monetary Authority of Singapore had approved the move in principle. Morgan Guaranty Pacific will be renamed J. P. Morgan Securities Asia and will monitor the group's Japanese securities business from the island state.**

## City and Government welcome measures

By Stephen Fidler

THE UK Government and City of London have broadly welcomed the measures outlined yesterday by the Japanese Ministry of Finance to open up further Tokyo's financial markets.

Affiliates of three UK firms are among the 10 foreign houses invited to apply for securities branch licences, while 10 UK companies are among the 17 overseas firms to have been granted investment management licences. At least three British applicants are expected to benefit from an accelerated review of membership of the Tokyo Stock Exchange.

With the invitations this week to Lloyds and Barclays, the Big Four UK clearing banks are all eligible to open affiliated securities branches in Tokyo. County NatWest has already opened its branch, while Midland Montagu is planning to start business next month.

Barclays de Zoete Wedd, which has a team of 75 in Tokyo preparing for the move, plans to affiliate itself to a well-known UK company which it has so far declined to name. Lloyds Merchant Bank said it still had a lot of work to do to prepare its application.

Because of the legal separation of commercial and investment banking in Japan, each foreign bank must bring in a 50 per cent partner before opening a securities branch. These partners are not expected to play an active part in management of the new firms.

The granting by the Bank of England of UK banking licences for the two biggest Japanese securities firms followed the invitations last year to the two UK banks—Nomura followed County, Daiwa followed Midland. The likely beneficiaries of the recent moves are expected to be Yamaichi and Nikko.

Mr Nigel Lawson, Chancellor of the Exchequer, last week said "satisfactory progress has been made" towards his government's objective of gaining freer access for British firms to the Japanese financial markets.

## £200m Euro issue for World Bank

BY CLARE PEARSON

A MILESTONE was reached in the Eurosterling fixed rate market yesterday as the World Bank borrowed £200m of 20-year funds, the largest amount yet raised in this sector at one stroke.

The size of the issue, and the popularity of the borrower's name, looked initially like an attractive combination for investors. But it came on a difficult day during which gilts plummeted on rumours, subsequently discredited, that a pre-election opinion poll in today's Guardian newspaper would show a narrower lead for the ruling Conservative party.

Some dealers indeed doubted whether the bond would have much appeal even before this development, given investors' unwillingness to commit new funds to sterling before the nation goes to the polls next week. But Baring Brothers, the lead-manager, said good sales had been made during the morning, mostly to UK institutions.

With a 9¼ per cent coupon, the issue, priced at 98¾, yields about 50 basis points over the reference gilt, which dealers said was fair. The bond was quoted during the morning at less 2¾ bid, a discount just wider than its total fees, but finished at around less 3 bid.

The World Bank has traditionally borrowed longer-dated sterling funds in the bulldog market, the UK domestic market for foreign borrowers. Bulldog prices fell after the announcement of the bond on disappointment that the borrower had chosen the Eurosterling market.

Elsewhere Dee Corporation, the UK retail group, issued a £60m 15-year convertible bond led by Credit Suisse First Boston.

The issued fell within recent guidelines for non-preemptive share offerings recently set by UK institutions, which limit them to 2.5 per cent of issued share capital. Mr Alec Monk, chairman of Dee, said: "We have carefully examined the financial implications of the issue and firmly believe that it represents an excellent transaction for Dee and its shareholders."

The coupon was indicated at 5 per cent but the conversion price fixed at 302½p, giving a relatively high premium of 26 per cent over the share price. But the bond also incorporated an investor's put option after five years to give an indicated yield of 8½-8¾ per cent. It traded at around 101, against a par issue price.

Credit Suisse First Boston also led a $110m floating rate note issue for Blair Athol Finance, the first conventional FRN for some time. The borrower is a special purpose vehicle owned by CRA, the Australian mining company.

The bond, which matures in February 1994, was priced at 100.15 and paying 15 basis points over six-month London interbank offered rate, it met a firm response from mainly small institutions—rather than trading accounts—in Japan and Europe, dealers said. It was quoted at 100 bid, compared with 25 basis points fees.

INTERNATIONAL BONDS

Dollar fixed rate Eurobonds traded quietly yesterday, and late in the day Nikko Securities announced a $100m three-year 8⅝ per cent bond for Toyota Motor Credit, priced at 101⅛.

A $100m equity warrant bond emerged for Daiwa Danchi, the subsidiary of Daiwa House, the Japanese construction company. The five-year deal with an indicated 1⅝ per cent coupon was led by Nomura International.

Euroyen bonds were inactive despite overnight gains in the domestic yen bond market. IBJ International led the second sizeable Euroyen deal of the week, a Y50bn five-year 4⅝ per cent bond for Sweden, priced at 101⅜. The deal traded at levels close to its fees.

Wood Gundy led a C$75m five-year 10½ per cent issue for Avco Financial Services Canada, the subsidiary of the US company, priced at par.

CIBC meanwhile led a C$50m five-year 9¾ per cent issue for First Austrian Bank, priced at 101⅜.

Nikko Securities led an Ecu 40m five-year 7⅛ per cent bond for Swedish Export Credit, priced at 101⅛, which incorporates a sinking fund.

D-Mark issues traded quietly and price changes were narrowly mixed.

In Switzerland, prices were slightly easier at the close. Bank Leu led a SFr 150m 10-year equity warrants bond for BHF Bank, with a coupon of 4⅛ per cent and 123 issue price.

## Delayed entry for Japanese to lead DM bonds

By Haig Simonian in Frankfurt

JAPANESE investment banks and securities houses in Germany will have to wait a few weeks longer until they can lead manage D-Mark Eurobonds, despite the decision on Wednesday by Japan's Ministry of Finance to invite 10 foreign banks, including Bayerische Vereinsbank and BHF-Bank of Germany, to apply for securities licences.

A relaxation in the German capital markets rules is now certain as all the German banks seeking Japanese securities licences have been satisfied.

Some German bankers had been expecting a relaxation as early as today's monthly meeting of the Bundesbank's ruling council.

Japanese banks were specifically excluded from lead managing D-Mark Euro-issues when the authorities liberalised the German capital markets rules in May 1985 to allow foreign houes to lead deals, in a move clearly designed to put pressure on the authorities in Tokyo.

However, the Bundesbank is not expected to take action before the middle of next month, when BHF and Bayerische-Vetreinsbank are expected to rereive their securities licences.

An earlier change had been widely forseen, but appears to have been held up by delays in negotiations with some of the other applicants in Tokyo. "It is difficult for the train to proceed when there has been a blockage further up the line," says one senior German civil servant closely involved in the talks.

"It is the end of a very long discussion," says Mr Wolfgang Graebner, the managing partner responsible for investment banking at BHF-Bank. "We had been discussing this for about a year, so it didn't come as a surprise to us."

BHF is setting up BHF Asia, a 20-man operation in Tokyo, late this year, in conjunction with Volkswagen and Schering. "We envisage a major shift in Japanese investment, which will probably head for Europe," says Mr Graebner.

BHF's new offshoot will primarily market European securities in Japan, "with a strong emphasis on German equities and bonds," he adds.

Bayerische Vereinsbank has similar plans.

Its new securities operation, which has BASF and Allianz as 25 per cent partners each, will sell Deutschemark paper to Japanese investors and will route German orders for Japanese securities to the Tokyo market rather than through Japanese securities houses in Germany as at present.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on June 4

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Abbey National 7½ 92 | 200 | 92¾ | 93¼ | 0 | +0¼ | 9.35 |
| A/S Eksportfinans 7⅞ 93 | 100 | 92⅞ | 92⅞ | 0 | +1 | 9.16 |
| A/S Eksportfinans 7¼ 92 | 150 | 92⅜ | 93⅛ | +0¼ | 0 | 8.90 |
| Austria 7¼ 97 | 200 | 90⅝ | 91⅛ | +0⅛ | +0⅞ | 9.29 |
| BP Capital 9½ 94 | 100 | 99½ | 99⅞ | 0 | +0¼ | 9.24 |
| British Telecom 7⅞ 96 | 250 | 89 | 89⅜ | +0¼ | −2⅜ | 9.42 |
| Campbell Soup 10½ 95 | 100 | 105⅞ | 106⅜ | −0¼ | +0¼ | 9.38 |
| Canada 9 96 | 1000 | 99⅝ | 99⅞ | +0⅛ | +0⅝ | 9.07 |
| Canadian Pac. 10¼ 93 | 100 | 100⅞ | 101½ | 0 | +0⅝ | 9.78 |
| CCCE 7⅛ 91 | 113 | 93½ | 94 | −0⅛ | +0½ | 8.88 |
| CNCA 7¼ 91 | 150 | 93⅝ | 94⅛ | +0⅛ | +0⅞ | 8.85 |
| Citicorp 8¼ 93 | 200 | 90 | 90½ | +0¼ | −0½ | 10.46 |
| Credit Lyonnais 9 91 | 200 | 100 | 100½ | +0⅛ | +0½ | 8.89 |
| Credit National 7⅞ 92 | 100 | 93½ | 94 | −0¼ | +0¼ | 9.88 |
| Credit National 9⅛ 93 | 150 | 99⅝ | 100¼ | +0¼ | +0⅝ | 9.11 |
| Credit National 7¼ 91 | 150 | 93⅝ | 94⅛ | −0⅛ | +0¼ | 8.89 |
| Denmark Kingdom 7¼ 92 | 500 | 91⅞ | 92⅜ | 0 | +0⅝ | 9.30 |
| Denmark Kingdom 8¾ 91 | 300 | 97 | 97½ | +0⅛ | +1½ | 9.11 |
| EEC 7 91 | 100 | 93½ | 94 | −0¼ | +0¼ | 8.72 |
| EEC 8¼ 96 | 100 | 94⅞ | 94⅞ | −0¼ | +0⅝ | 9.15 |
| EEC 7¼ 93 | 250 | 91⅞ | 92⅜ | +0⅛ | −0⅝ | 9.20 |
| EIB 7⅞ 93 A | 100 | 92⅝ | 92⅝ | +0⅛ | 0 | 9.21 |
| Finland 7⅞ 97 | 200 | 89⅞ | 90⅛ | +0⅛ | +0⅛ | 9.51 |
| Finland 7½ 93 | 200 | 92⅜ | 92⅞ | +0⅛ | +1 | 9.08 |
| Ford Motor Cred. 10½ 91 | 150 | 105⅜ | 105⅞ | −0⅛ | +0⅛ | 8.88 |
| Ford Motor Cred. 11⅞ 90 | 100 | 105¾ | 106¼ | −0¼ | +0⅝ | 8.74 |
| Gen. Elec. Cred. 10¼ 00 | 200 | 102⅛ | 102⅝ | +0⅛ | −0⅝ | 9.91 |
| Hoesch 7½ 92 | 100 | 95 | 95½ | 0 | +0½ | 8.61 |
| Hoesch 7⅞ 94 | 300 | 93½ | 94 | +0¼ | +0⅜ | 9.14 |
| Hoesch 8¼ 97 | 100 | 92⅝ | 93 | −0⅜ | 0 | 9.43 |
| Liberty Mutual 8½ 96 | 150 | 93⅝ | 94⅛ | +0⅛ | +0⅝ | 9.53 |
| LTCB of Japan 8 91 | 100 | 96⅞ | 96⅞ | +0⅛ | +0⅛ | 9.02 |
| LTCB of Japan 8 97 | 200 | 90½ | 91 | 0 | −0⅛ | 9.49 |
| Mercds.-Benz Cred. 7½ 93 | 100 | 95⅝ | 96⅛ | +0⅛ | +0⅛ | 8.79 |
| Mitsubishi Fin. 7⅞ 93 | 100 | 91⅞ | 92⅛ | 0 | 0 | 9.53 |
| Mutual America 7⅞ 92 | 100 | 93⅝ | 94⅛ | −0¼ | +0⅝ | 9.26 |
| Norway Kingdom 7¼ 91 | 500 | 94⅞ | 95¼ | +0⅛ | +0¼ | 8.70 |
| Pepsico Inc. 7⅞ 93 | 200 | 93½ | 94 | +0¼ | +1 | 8.77 |
| Qantas Airways 10⅞ 95 | 140 | 103⅞ | 104⅛ | +0⅛ | +0⅝ | 9.61 |
| Queensland Govt. 10¼ 95 | 100 | 103 | 103½ | +0⅛ | +0¼ | 10.62 |
| Ralston Purina 11¼ 95 | 150 | †107½ | 108 | 0 | +2 | 10.26 |
| Saab Scania 9½ 91 | 125 | 101⅝ | 102⅛ | +0¼ | +0⅝ | 8.86 |
| Saskatchewan 10⅞ 92 | 100 | 106¼ | 106½ | −0⅛ | +0⅞ | 9.05 |
| State Bk. S. Aust. 9¼ 93 | 100 | 99¼ | 99¾ | −0⅛ | +0⅛ | 9.35 |
| Statoil 10 90 | 170 | 102¼ | 103⅛ | +0⅛ | +0¼ | 8.85 |
| Swed. Exp. Cred. 7¼ 91 | 100 | 93⅞ | 94⅛ | +0¼ | +0⅛ | 8.86 |
| Swed. Exp. Cred. 10 92 | 100 | 104½ | 105 | −0⅛ | +0⅞ | 8.78 |
| Sweden 8¼ 96 | 200 | 97¼ | 97⅝ | +0¼ | +0½ | 9.19 |
| Sweden 7 92 | 250 | 93⅜ | 93⅞ | −0⅛ | +0⅞ | 8.69 |
| Sweden Kingdom 10⅞ 90 | 200 | 105⅞ | 106⅜ | 0 | +0⅛ | 8.43 |
| Sweden Kingdom 7 91 | 250 | 93⅞ | 94⅜ | 0 | +0⅝ | 8.66 |
| Taiyo Finance 7¼ 94 | 100 | †92 | 92½ | 0 | +1½ | 9.35 |
| Toyota Motor Cred. 8 89 | 100 | †100¼ | 100⅝ | +0⅛ | +1¼ | 7.78 |
| Toyota Mtr. Cred. 7⅛ 92 | 250 | 92⅛ | 92⅝ | +0⅝ | 0 | 9.19 |
| Victorian Rep. 11⅞ 92 | 150 | 109⅛ | 109⅝ | +0¼ | +0⅞ | 9.16 |
| World Bank 7 92 | 300 | 93½ | 94 | +0¼ | +0½ | 8.67 |
| Yasuda Trust Fin. 8½ 93 | 100 | 97⅛ | 97⅝ | +0¼ | +1½ | 9.05 |

Average price change on day +0⅛ on week +0½

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 8 94 | 200 | †112½ | 113½ | +1 | +0⅝ | 5.76 |
| Austrian Elec. Co. 6½ 95 | 150 | †102½ | 103½ | +0¼ | −0¼ | 6.05 |
| BMW 5¾ 96 | 200 | †93 | 94 | +0¼ | −0⅛ | 6.22 |
| Daimler Benz Int. 5¾ 01 | 500 | †91¼ | 92¼ | +0⅞ | +0⅛ | 6.62 |
| Dow Chemical 5⅞ 96 | 300 | †94⅞ | 95⅞ | +0⅛ | +0⅛ | 6.52 |
| Dow Chemical 6¾ 95 | 300 | †103 | 104 | +0¼ | −0⅜ | 6.19 |
| EIB 5½ 98 | 150 | †94⅞ | 95⅜ | +0⅛ | −0½ | 6.16 |
| EIB 6⅛ 96 | 300 | †99⅞ | 100⅜ | 0 | −0⅝ | 6.07 |
| EIB 6⅞ 95 | 300 | †104⅛ | 105⅛ | −0¼ | −1 | 6.07 |
| EIB 6 97 | 300 | †98⅝ | 99⅛ | 0 | −0¼ | 6.12 |
| Euro. Coal & Steel 5⅞ 97 | 175 | †98½ | 99½ | +0½ | −0⅛ | 6.01 |
| Eurofima 6¼ 96 | 100 | †102 | 103 | +0¼ | +0⅛ | 5.88 |
| Ex.-Im. Bk. Korea 7⅛ 90 | 100 | †104¼ | 105¼ | 0 | 0 | 5.71 |
| Finland Republic 7 92 | 200 | †105 | 106 | +0⅛ | −0¼ | 5.60 |
| Hoesch Intl. Fin. 7 95 | 100 | †102½ | 103½ | +0¼ | +0½ | 6.52 |
| Hydro Quebec 5½ 96 | 125 | †96⅝ | 97⅝ | +0⅛ | +0½ | 5.92 |
| Hydro Quebec 6 16 | 150 | †86 | 87 | 0 | −0¼ | 7.11 |
| IADB 6 97 | 200 | †98⅛ | 99⅛ | +0¼ | −0⅝ | 6.15 |
| IBJ 5⅞ 96 | 200 | †95⅞ | 96⅞ | −0⅛ | −0½ | 6.16 |
| Japan Finance 5¾ 97 | 100 | †97 | 98 | +0¼ | −0½ | 6.09 |
| Julius Baer Bank 2 94 | 150 | *†101¼ | 102¼ | 0 | −0½ | 1.73 |
| Korea Dev. Bank 6⅞ 93 | 100 | †101¾ | 102¾ | 0 | −0⅝ | 6.16 |
| Mitsubishi Bl. 3⅛ 89 WW | 100 | †133½ | 134½ | −0¼ | +4⅛ | −8.29 |
| Mitsubishi Bl. 3⅛ 89 XW | 100 | †96¼ | 97¼ | +0⅛ | +0¼ | 4.28 |
| Renfe 7¼ 95 | 200 | *†107½ | 108½ | 0 | 0 | 6.45 |
| Soc. Cent. Nuclear 7¼ 95 | 150 | †103½ | 104½ | +0⅛ | −0¼ | 6.59 |
| Soc. Cent. Nuclear 8 91 | 200 | †106⅝ | 107⅝ | −0⅛ | +0⅛ | 5.94 |
| Steweag 5½ 96 | 100 | †95¼ | 96¼ | +0¼ | +0⅝ | 6.15 |
| Tokyo Elec. Power 6 97 | 300 | *†98⅛ | 99⅛ | 0 | −0¼ | 6.19 |
| World Bank 5⅞ 97 | 700 | †98⅛ | 99⅛ | −0⅛ | −1 | 6.06 |
| Yorkshire Intl. 6¼ 01 | 200¼ | *†93¼ | 94¼ | 0 | −0¼ | 6.96 |

Average price change on day +0⅛ on week −0¼

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev. Bk. 5⅝ 96 | 100 | †102 | 103 | +0⅛ | 0 | 5.27 |
| Amer. Corpn. 5¼ 01 | 200 | †94 | 94½ | 0 | +0⅛ | 5.86 |
| Baker Int. 4⅞ 96 | 200 | *†88¾ | 89 | 0 | +0⅞ | 5.74 |
| Carlsberg 5 96 | 60 | †101¼ | 102 | 0 | −0⅛ | 4.77 |
| Chujitsuya 5¼ 94 | 50 | †103 | 104 | −0¼ | +1⅞ | 4.76 |
| Deutsche Bk. Fin. 5⅛ 95 | 100 | †106 | 106¼ | 0 | −0½ | 4.41 |
| EIB 4⅝ 97 | 200 | †98½ | 99 | 0 | −0⅛ | 4.79 |
| Glendale F. S. & L. 5½ 95 | 100 | †102 | 103½ | −0⅛ | +0¼ | 5.15 |
| Hanauza 5¾ 98 | 110 | †99 | 99¼ | +1⅛ | +1⅛ | 5.25 |
| Industrial Credit 5⅞ 96 | 75 | †99 | 100 | 0 | +0⅝ | 5.81 |
| Japan Dev. Bk. 5¼ 97 | 100 | †102 | 102¼ | −0⅛ | −0½ | 4.85 |
| [illegible] 5¼ 95 | 100 | †103 | 103½ | 0 | −0¼ | 4.85 |
| [illegible] Intl. 5½ 95 | 100 | †103½ | 104½ | −0¼ | −0⅛ | 4.89 |
| Pepsico 5¼ 95 | 150 | †104¼ | 104¾ | 0 | −0¼ | 4.55 |
| Prov. of Manitoba 4⅞ 94 | 200 | †102½ | 102¾ | 0 | +0½ | 4.35 |
| Ralston Purina 5⅞ 94 | 125 | †103¾ | 103¾ | +0⅛ | +0½ | 4.90 |
| Sears Euro. 0 01 | 100 | †46¼ | 46¾ | +0⅞ | +0⅛ | 5.72 |
| Tohoku Elec. Pwr. 4⅞ 96 | 150 | *†99¾ | 100 | 0 | +0¼ | 4.89 |
| U. O. Corpn. 5¼ 93 | 100 | †98 | 98¼ | +0¼ | −0⅛ | 5.98 |
| World Bank 5⅞ 94 | 150 | †105½ | 106 | +0⅛ | +0⅛ | 4.82 |

Average price change on day +0⅛ on week +0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Chugoku Electric 5 93 | 15 | 100⅝ | 101 | −0⅛ | −0⅛ | 4.87 |
| Credit National 4⅞ 92 | 15 | *99 | 99½ | −0⅛ | −0⅛ | 4.55 |
| Denmark, Kingdom 5⅛ 92 | 130 | 101⅛ | 101¼ | 0 | +0⅛ | 4.75 |
| EEC 4¾ 93 | 25 | 100¼ | 100¾ | 0 | +0⅛ | 4.54 |
| Elec. de France 5⅛ 94 | 20 | 102⅛ | 102⅝ | 0 | −0⅛ | 4.71 |
| Kansai Electric 4⅞ 94 | 60 | 98½ | 99 | −0⅛ | −0¼ | 4.84 |
| Norway 4½ 92 | 60 | 99½ | 99⅞ | +0⅛ | −0¼ | 4.63 |
| SNCF 4⅞ 93 | 20 | 100⅝ | 100⅞ | −0⅛ | −0⅛ | 4.80 |
| Sweden, Kingdom 5⅛ 95 | 20 | 105⅛ | 105⅝ | −0⅛ | −0⅛ | 4.80 |

Average price change on day 0 on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| A/B Electrolux 14½ 90 A$ | 50 | 102⅛ | 103¼ | 0 | +0¼ | 13.94 |
| Bergen Bank 15 90 A$ | 50 | 101⅞ | 102⅛ | +0⅛ | 0 | 13.80 |
| BHF Bank 14⅞ 92 A$ | 40 | 102⅛ | 103⅛ | 0 | 0 | 13.67 |
| DG Finance 14⅞ 92 A$ | 50 | 105⅛ | 106⅛ | 0 | +0½ | 12.56 |
| Deutsche Bk. 14⅛ 92 A$ | 100 | 104⅛ | 105⅛ | +0⅛ | +0⅛ | 12.74 |
| Deutsche Bk. 14⅛ 92 A$ | 150 | 105⅛ | 106⅛ | 0 | +0¼ | 12.85 |
| Montedison F. 15½ 90 A$ | 50 | 102⅞ | 103⅝ | 0 | +0¼ | 14.14 |
| World Bank 14⅛ 92 A$ | 100 | 102⅞ | 103⅛ | 0 | −0¼ | 13.11 |
| Canadian Pac. 10⅞ 90 C$ | 75 | 99⅞ | 99⅝ | 0 | +0¼ | 10.56 |
| Chrysler Corpn. 10 91 C$ | 75 | 99¼ | 99⅞ | 0 | +0⅛ | 10.38 |
| Genstar Fin. 11¼ 95 C$ | 75 | †102⅛ | 103⅛ | −0½ | −0⅛ | 11.18 |
| GMAC 9¾ 92 C$ | 75 | 95 | 95½ | 0 | −2½ | 10.52 |
| Royal Trustco 10⅞ 90 C$ | 75 | 100½ | 101⅛ | −0⅛ | −0½ | 10.06 |
| Sears Acc. 10⅞ 92 C$ | 75 | †100½ | 101 | −0⅛ | −0⅛ | 10.40 |
| Coca-Cola F. C. 17 90 NS | 75 | 100¼ | 101¼ | +0¼ | +0⅛ | 16.58 |
| Denmark 17½ 89 NS | 50 | 99½ | 100½ | 0 | +0¼ | 17.31 |
| Denmark 7⅛ 92 Ecu | 100 | 99⅛ | 99⅝ | −0⅛ | −0⅛ | 7.86 |
| EIB 7⅞ 91 Ecu | 100 | 100⅛ | 100⅝ | −0⅛ | −0⅛ | 7.22 |
| Euratom 7⅞ 97 Ecu | 145 | 96⅛ | 96⅝ | −0⅛ | −1 | 7.89 |
| New Zealand 7¼ 93 Ecu | 200 | 98⅛ | 99⅛ | −0⅛ | −0⅛ | 7.96 |
| SDR 7⅛ 95 Ecu | 90 | 98⅛ | 99⅛ | −0⅛ | −1 | 7.90 |
| Finland 6 91 Fl | 100 | 99⅞ | 100⅛ | 0 | +0⅛ | 5.96 |
| Mort. Bk. Denmark 6 91 Fl | 150 | 98½ | 99 | 0 | 0 | 6.32 |
| Thyssen 7¼ 90 Fl | 50 | 102⅛ | 103 | 0 | −0¼ | 6.27 |
| Wessanen 6¼ 90 Fl | 50 | 102⅛ | 102⅞ | 0 | 0 | 5.89 |
| American Brand 9½ 94 £ | 40 | 99⅞ | 99⅞ | −0¼ | +0⅞ | 9.56 |
| Amer. Express 0C 10 94 £ | 40 | †103⅛ | 103⅝ | 0 | +0⅛ | 9.25 |
| Deutsche Bank 9⅞ 97 £ | 75 | 102⅛ | 102⅝ | −0⅛ | +1⅛ | 9.46 |
| Halifax Bld. Soc. 10⅛ 97 £ | 100 | †102½ | 102⅞ | −0⅛ | −0⅛ | 9.97 |
| Imp. Chem. Inds. 10 03 £ | 100 | †103⅛ | 104⅛ | 0 | +0⅛ | 9.59 |
| Imp. Chm. Inds. 10⅛ 92 £ | 75 | 103 | 103⅞ | −0⅛ | −0⅛ | 9.33 |
| Invst. in Inds. Int. 10 93 £ | 60 | 100½ | 101 | −0⅛ | −0⅛ | 9.82 |
| Land Securities 9½ 07 £ | 200 | †91¼ | 91⅝ | −0½ | −0½ | 10.53 |
| Leeds Bldg. Soc. 10½ 91 £ | 50 | 101⅛ | 101⅝ | −0½ | −0⅛ | 10.02 |
| Nationwide BS 10⅞ 93 £ | 75 | 100⅛ | 100⅝ | −0⅛ | −0⅛ | 9.96 |
| NSW Treasury 10⅝ 92 £ | 50 | 103⅛ | 104⅛ | −0⅛ | 0 | 9.65 |
| Royal Insce. 10⅛ 92 £ | 60 | †105½ | 106 | +0¼ | +0⅜ | 9.29 |
| J. Sainsbury 10⅞ 93 £ | 60 | 104⅛ | 104½ | −0⅛ | −0¼ | 9.82 |
| Trusthouse Forte 11⅞ 90 £ | 50 | 103½ | 104 | −0⅛ | +0⅛ | 9.53 |
| World Bank 11⅛ 95 £ | 100 | 110⅛ | 111⅛ | −0⅛ | +0½ | 9.21 |
| CoE 8⅞ 95 LFr | 600 | 104⅛ | 106⅛ | +0⅛ | +1¼ | 7.77 |
| EIB 8⅞ 93 LFr | 1000 | †104 | 105 | +0⅛ | +0⅞ | 7.60 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn |
|---|---|---|---|---|---|
| Alberta 3 93 | 0.0312 | 99.84 | 99.94 | 11/06 | 6.14 |
| Alliance & Leic. Bldg. 94 £ | 0.08 | 99.25 | 99.30 | 28/04 | 9.89 |
| Belgium, Kingdom of 91 | 0 | 99.93 | 100.03 | 19/02 | 6.69 |
| Britannia 5 93 £ | 0⅛ | 99.57 | 99.63 | 8/04 | 10.06 |
| Chase Manhattan Corpn. 91 | 0¼ | 98.85 | 98.95 | 20/08 | 6.56 |
| Citicorp 98 | 0⅛ | 97.79 | 97.94 | 27/02 | 6.63 |
| Credit Lyonnais 5 00 | 0¼ | †99.51 | 99.61 | 13/07 | 6.19 |
| EEC 3 92 DM | 0 | †100.22 | 100.27 | 20/02 | 4.19 |
| EEC 5¼ 93 Ecu | 0.0312 | 99.85 | 99.95 | 30/01 | 7.28 |
| Halifax Bldg. Soc. £ 94 | 0.1 | 99.33 | 99.37 | 6/05 | 8.97 |
| Midland Bank 01 £ | 0.1 | 96.34 | 96.45 | 9/05 | 8.91 |
| Milk Mrktg. Board 5 93 £ | 0¼ | 99.30 | 99.35 | 30/03 | 10 |
| New Zealand 5 97 £ | 0.07 | 98.84 | 98.94 | 16/05 | 11 |
| New Zealand 5 01 | 0 | 98.95 | 99.05 | 4/08 | 6.31 |
| Shearson Lehman Hldgs. 91 | 0¼ | 99.08 | 99.17 | 6/05 | 7¼ |
| United Kingdom 5 92 | 0 | 99.89 | 99.95 | 7/08 | 6.31 |
| Woodside Fin. 5¼ 97 | 0 | 99.19 | 99.28 | 28/08 | 7.86 |
| Woolwich 5 95 £ | 0⅛ | 99.34 | 99.39 | 19/05 | 10.62 |

Average price change on day +0.03 on week +0.10

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Asics 5 92 DM | 12/03 | 472 | †154½ | 155½ | +0¼ | 7.41 |
| Minolta Camera 2¼ 94 DM | 2/86 | 1185 | †95 | 96 | 0 | 64.11 |
| Ashikaga Bank 2⅛ 02 | 4/87 | 996 | 123⅞ | 124⅞ | +2½ | 2.73 |
| Chiba Bank 2⅞ 02 | 4/87 | 838 | 224⅛ | 226⅛ | −0½ | 5.93 |
| Fuji Bank 2⅛ 00 | 10/85 | 1623 | 392½ | 392½ | +0½ | 1.27 |
| Fuji Heavy Industries 3 00 | 8/85 | 676 | 129 | 130 | +0⅞ | 1.95 |
| Fujitsu 3 99 | 5/84 | 1109 | 146⅞ | 148 | +1 | 0.81 |
| Gunma Bank 2⅛ 02 | 4/87 | 868 | 137½ | 138½ | +2¼ | 2.41 |
| Mitsubishi Bank 2⅞ 00 | 8/85 | 1715 | 385⅝ | 386⅝ | +3 | 1.28 |
| Mitsubishi Trust 2½ 01 | 5/86 | 1600 | 375 | 376 | +1⅛ | −3.53 |
| Mitsui Bank 2⅞ 01 | 4/86 | 1019 | 339½ | 340½ | −1½ | 0.36 |
| Mitsui Trust 2⅞ 01 | 10/86 | 1990 | 175¼ | 177¼ | +1 | 4.23 |
| Murata 3½ 00 | 7/84 | 2990 | 193⅛ | 193⅛ | +1½ | −0.54 |
| Nippon Elec. 2⅞ 00 | 1/86 | 1295 | 256⅛ | 257⅛ | +9½ | 197.87 |
| Nippon Oil Co. 3 00 | 5/85 | 923 | †230 | 231 | 0 | −4.35 |
| OKI Elec. Ind. 3⅛ 99 | 10/84 | 865 | 159 | 160½ | +2⅛ | 3.73 |
| Omron Tateisi 2⅞ 02 | 4/87 | 1350 | 94⅞ | 95⅞ | +1⅛ | −3.46 |
| Sanwa Bank 2⅞ 00 | 10/85 | 1442 | 375 | 376 | −0¼ | 0.18 |
| Sumitomo Bank 2⅞ 00 | 8/85 | 2142 | 362 | 363 | +2 | 5.04 |
| Toshiba Ceramics 3 00 | 4/85 | 1734 | 139¼ | 140½ | +2 | 11.97 |
| Nippon Oil Co. 2⅛ 92 SFr | 3/86 | 1081 | †139 | 140 | +1 | −1.22 |
| Yokohama Bank of 2⅛ 01 | 10/86 | 2042 | 287⅞ | 289⅞ | −0⅛ | 3.50 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Australia tightens rules on equity-accounting profits

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIAN COMPANIES which equity-account their profits will no longer be able to include them in statements of group results the National Companies and Securities Commission announced yesterday.

The decision by the country's stock market watchdog agency will affect a number of entrepreneurial groups which include in their accounts information related to associated companies as well as subsidiaries.

Although this includes well-known companies like Adelaide Steamship and Bell Resources, the change is clearly aimed at companies which equity-account the profits of associates over which they have little control and which fail to disclose enough information about the cash flows into and out of their operations.

Analysts generally welcomed the commission's decision, but pointed out that in many cases equity-accounting was not a serious problem. In the case of Adelaide Steamship, for example, it is clear that the company controls most associates in which it has a minority interest. The contribution of equity-accounted profits is also clearly indicated.

From now, however, no company can include equity-accounted profits in group accounts except in the form of supplementary information. Accounts prepared in any other form are liable to rejection.

In its statement yesterday, the commission said it had made its decision in the interests of uniformity and business certainty. The new rule is effective immediately.

Behind the move lies the legal opinion that group accounts which incorporate equity-accounted financial information do not comply with the Companies Act as it *now* stands.

# Earnings at Hitachi down 34%

BY YOKO SHIBATA IN TOKYO

HITACHI, the Japanese electronics group, expects a modest recovery in its current year after consolidated net profits fell 34 per cent to Y98.68bn ($687.9m) in the 12 months to March.

Group net earnings are now *forecast to increase* by 3 per cent to Y102bn, on the back of a rationalisation programme and a revival in the heavy electrical machinery business, benefiting from the government's policy to stimulate the domestic economy.

Turnover at Y4,848.66bn was *down 3 per cent*, and Hitachi blamed its poor showing on the negative effect of the yen's gains against the dollar which cut into its export revenue by Y175bn, in addition to the semiconductor industry recession and stagnant capital investment. The proportion of overseas sales to total turnover fell to 26 per cent from 30 per cent a year earlier.

In response to the yen's appreciation, Hitachi reduced direct exports of low value-added products such as television sets, radio cassette recorders and switched to overseas production.

Hitachi's lift and escalator businesses did well, while an official said its semiconductor business should return to profitability in the second half.

However, consolidated sales are expected to fall by 5 per cent to Y4.62bn, the third consecutive yearly decline.

# Kyocera group result falls 5%

BY OUR TOKYO STAFF

KYOCERA, the leading Japnese maker of semiconductor ceramics, showed a fall of 5 per cent in consolidated net profits to Y17.47bn ($121.8m) in the year to March—faring better than the parent company alone where the setback was 15 per cent.

As a result, Kyocera's *consolidated net profits per share* came out at Y116.43, surpassing the parent's Y109.83.

Consolidated sales were down 1 per cent to Y276.19bn. Currency movements cut into yen-denominated turnover but sales were particularly strong at Kyocera International, the US subsidiary.

Sales of semiconductor parts, which account for a third of all business, rose by 3.2 per cent. Electronic component *demand was dull but* the appliance sector showed an 8 per cent advance.

In the current year, the Kyocera group foresees double-digit growth in volume sales of semiconductor components and electronic components, while rationalisation efforts to counter the yen's appreciation are expected to take effect.

The parent company expects a 30 per cent jump in pre-tax profits, while consolidated net *profits* are *forecast to increase* by 26 per cent to Y22bn, on turnover of Y320bn, up 15 per cent.

# Japan's long-term banks ahead

BY OUR TOKYO STAFF

JAPAN'S three long-term credit banks boosted their combined pre-tax profits by 41.1 per cent to Y297.6bn ($2.1bn) in the year to March, attributing their performance to lower fund procurement costs following the decline in interest rates.

Combined net profits for the three—Industrial Bank of Japan (IBJ), Long-Term Credit Bank of Japan (LTCB) and Nippon Credit—rose by 22.7 per cent *to Y119.4bn although total* revenue dipped by 0.3 per cent to Y3,668.5bn.

Three three differ from commercial banks in that they cannot accept deposits, but instead raise funds through the issue of interest-bearing debentures. The decline in fund procurement costs ahead of lending rates widened the interest spread. In order to offset weakening demand for long-term funds from large companies, the three banks shifted more lending to medium and small business, which also brought better margins.

The banks chalked up some Y10bn each in dealing profits on government and public bonds. In international operations, their yen-denominated lending to non-resident companies expanded, and this offset a levelling off of syndicated loans.

On the strength of favourable earnings prospects for the current year, IBJ raised its anual dividend by Y0.5 to Y7.5 while LTCB lifted its payout by Y5 to Y60.

**JAPANESE LONG-TERM CREDIT BANKS**

Parent company results, year to March 1987

| | Revenue | | Pre-tax profit | | Net profit | |
|---|---|---|---|---|---|---|
| | Ybn | % | Ybn | % | Ybn | % |
| IBJ | 1,570.7 | −0.8 | 150.9 | +56 | 55.4 | +13 |
| LTCB | 1,267.6 | −1.3 | 101.4 | +38.5 | 42.0 | +45.0 |
| NCB | 830.3 | +2.5 | 45.3 | +10.7 | 22.0 | +18.9 |

# Consortium buys David Jones stake

EUROPEAN PACIFIC Investments (EPI) has bought a 9.54 *per cent stake in the* Australian listed David Jones, a retail and investment group, for A$99.75m (US$71.5m), Reuter reports from Hong Kong.

EPI, a consortium formed last December by Bank of New Zealand, Brierley Investments, and the merchant bank Fay, Richwhite Associate Capital Markets, said it paid A$10.50 each for 9.5m David Jones shares originally owned by Adelaide Steamship.

The shares would be transferred at cost to Glynhill International, EPI's Hong Kong listed subsidiary, within 12 months.

Adelaide Steamship announced in Adelaide yesterday that it had placed 9.5m David Jones shares off-market and reduced its holding to 39.8 per cent from 49.2 per cent

# Bank of China in Denison deal

BANK OF CHINA, a Peking-controlled institution, has acquired a stake of about 9 per cent in Denison Resources of Australia, a quoted mining, trading and chemicals concern, APDK reports from Barbados.

Through its Sydney branch, which operates as a commercial bank, Bank of China has acquired 4m Denison shares at 55 cents each for a total of A$2.2m (US$1.6m).

# Singapore to sell SIA shares

THE SINGAPORE government plans to divest about half its shares in Singapore Airlines (SIA) to the public from this year in tranches of between 5 and 10 per cent annually, according to Mr J. Y. Pillay, SIA chairman; Reuter reports from Singapore.

SIA is also expected to raise the present 20 per cent limit set for foreign ownership of its stock. Through Temasek Holdings, the state owns about 63 per cent of SIA.

# Saudi bank in rights issue

SAUDI CAIRO Bank is tomorrow to offer 150m riyals ($40m) of new shares in a one-for-one rights issue, Reuter reports from Jedda.

The joint-venture bank is 40 per cent owned by Banque du Caire with the rest held by private Saudi shareholders. It has run into problems including non-performing loans and declared nil net profits for 1985.

The 1.5m new shares will be offered at their face value of 100 riyals each. Any unsubscribed portion will be offered to the Saudi public. The shares are currently trading at around 170 riyals.

# Nigerian SE woos foreign investors

BY PATRICK SMITH IN LAGOS

THE NIGERIAN Stock Exchange has this week linked its daily share price quotations into the Reuter Monitor international financial service as part of its programme to increase foreign equity investment. In what some local stockbrokers are calling the "Little Bang," the Government has authorised the computerisation of the country's capital and money markets.

Also scheduled this month is the introduction of an entry order service that will enable local banks and stockbrokers to trade electronically on the international capital markets. This is seen as the first step towards the provision of reciprocal facilities for local and foreign investors to trade electronically *on the* Nigerian SE.

A computerised dealing service is also to be made available to facilitate trading on Nigeria's small interbank foreign exchange market. Foreign banks' direct participation in the local interbank market is still prohibited, but several major international banks — including Standard Chartered, Barclays, and American Express—hold equity in locally incorporated banks.

The government has approved the sale of 300m naira ($71.2m) non-voting shares in convertible currencies on the Nigerian Stock Exchange and several companies in the country's profitable textile sector are arranging equity issues under the scheme.

Foreign interest in the Nigerian capital market has historically been low because of problems with the country's indigenisation laws — which prohibit foreign investors from taking more than a 40 per cent share in specified groups of companies — together with the controls formerly imposed on the repatriation of dividends.

Government officials say both these issues are being dealt with under the programme of structural economic reforms. These have already substantially liberalised trade regulations and the tariff structure and established a floating exchange rate *determined at fortnightly auc*tions of foreign exchange in Lagos, organised by the Central Bank of Nigeria.

Bankers in Lagos say the quotation of Nigerian equity prices on the Reuter Monitor is likely to have most immediate interest for those of Nigeria's creditors who are planning to arrange debt-equity swaps.

Nigeria reached agreement in principle last December to reschedule some $8bn of its estimated $21.2bn official and commercial bank debt. The rescheduling agreements are yet to be ratified due to delays in the reconciliation of the debts involved.

# TECHNOLOGY

TWO WEEKS ago it was a new Israeli treatment based on egg yolks, last week a Japanese extract of pine cones. Claimed remedies for the killer disease AIDS are being promoted with ever-increasing frequency. How is the layman to distinguish between them?

The investment community has the same problem. In the London stock market there was recently a flurry of rumour — unfounded, apparently — about side effects encountered with DDC, a new AIDS treatment being developed in the US by the Swiss drug company, Hoffmann-la Roche.

The significance of the rumour about DDC lay in its implications for the Wellcome Foundation, the British drug company whose drug AZT is the only AIDS treatment available on prescription in the developed world.

DDC, a drug very similar AZT in principle, is perhaps two years behind it in development. It is also claimed to have less severe side effects than the Wellcome drug, and so might be expected to supplant AZT as the drug of choice as soon as it is given official clearance. Reports of dangerous skin conditions associated with DDC, though seemingly untrue, therefore gave a temporary boost to the Wellcome share price.

What is needed in the face of this kind of thing is a medical man with the knack of simple exposition. Such a one turned up in London recently in the person of Dr Howard Kessler, an associate professor at the Rush Medical School in Chicago. He was addressing a seminar for institutional investors arranged by Robert Fleming, the merchant bank.

## Drug companies locked in combat

Chicago has had about 700 AIDS cases to date, of whom about 150 have been handled at the Rush Medical School. As Dr Kessler remarked, these figures pale by comparison with New York or Los Angeles. "But we sit in the middle part of the US. Everything gets to Chicago a bit late—new food, new fashions, new cars, new diseases."

For the commercial drug companies, AIDS presents a range of options. There are diagnostic kits to detect the virus in the bloodstream, vaccines to prevent the disease taking hold, treatments for the various infections which actually cause the death of the AIDS patient and—most dramatic because holding out hope for those already afflicted—the drugs which will attack the virus itself.

When it comes to an outright cure for the disease, Dr Kessler sounds a by now familiar note of pessimism. "To produce a cure, we would have to have some way of going into the cell and cutting out the relevant portion portion of DNA. That's technology which is well out of our present reach." However, there are a number of drugs which may or may not slow the progress of the disease . Dr Kessler lists the main candidates—would be rivals to AZT:

● AL-721, the egg-yolk compound being developed by Praxis Pharmaceuticals in New York. "This is a very unusual compound in that it is not anti-viral, but seems to disrupt the lipid membrane of the virus and ultimately to destroy its infectivity. We have to take all early reports with a very large grain of salt, but it's an *interesting compound and* needs watching."

● DDC from Hoffmann-la Roche. "Only a handful of patients have been treated and early reports, just presented to a conference in Atlanta, suggest that there have been problems with skin rashes in maybe 50 per cent or 75 per cent of cases, and that some rashes have required suspension of therapy. But at least four cases have been treated through the rash, which may turn out only to be an annoyance."

● Forscarnet, from Astra Pharmaceuticals. "I was never very impressed with this drug against hepatitis B and, at present, it needs continuous intravenous infusion. Though it does have activity against the virus, that's not too useful for lifetime therapy."

● Alpha interferon, a natural substance produced by several *companies. "Doses of 35m units*

**Tony Jackson hears an American expert talking about the one drug now prescribed to AIDS sufferers and other treatments being developed**

per day of alpha interferon over 12 weeks have been shown to turn culture-positive patients culture-negative . What that means I don't know, but it could be used in combination with a drug like AZT."

● HPA-23, from Rhone-Poulenc of France, is dismissed as "not very effective."

There are also two wild cards — isoprinosine, from Newport Phamaceuticals, and ribavirin, from ICN Pharmaceuticals.

"Isoprinosine has been around for 20 years and is a drug in search of a disease." The drug was invented by the former head of the company. "They have some good scientific people setting up a 700-individual double blind trial. The jury is still out on isoprinosine, but hopefully this will shed some light."

Ribarvirin, produced by ICN Pharmaceuticals under its vivid and controversial chairman Mr Milan Panic, is "also a drug in search of a disease. A couple of studies have been done, but there have been a whole string of problems with the data, which may be related to the design of the studies and possibly the management of the company. I don't feel that ribavirin is going to be very significant, one reason being that the dose needed to give effect is also the maximum dose possible without severe toxicity."

However, as far as Dr Kessler is concerned, AZT remains "the only game in town. We have now treated around 40 patients and about half of them do extremely well — after four to six weeks their weight increases, their appetite improves and in some cases we have even seen improvement with Kaposi's sarcoma" (the skin cancer which afflicts AIDS patients).

"The problem is bone marrow suppression. Some individuals seem to escape the toxicity, but with others it's very severe, requiring blood transfusions. If they are already anaemic, or have a low white blood cell or T4 cell count, they will suffer more. But those who do well do spectacularly well for the year to 18 months we have data on."

As to vaccines, Dr Kessler is —like most AIDS researchers —more pessimistic. "I don't think we'll have a vaccine for five to ten years, even though at least five companies in the US have candidate vaccines in development."

Part of the problem is that the AIDS virus is a retrovirus: "retroviruses are very promiscuous." In particular, one molecule on the outer membrane of the virus—the GP120—seems constantly to change its structure.

"GP120 is vital in relation to vaccines, since it's the part of the virus which fits into the T4 cell in the immune system. If the action is that of a lock and key, GP120 is the lock. The structure of GP120 in this virus *seems to change so that an antibody* effective in one case may not be in another."

Added to that, different strains are now emerging, such as the HIV2 virus from Africa. "That seems identical, but an individual with HIV2 does not produce antibodies which will be detected by current antibody screening tests."

In short, "the prospects on the near horizon are very dim. But our only chance of controlling AIDS is a safe, effective vaccine which can be used worldwide. I personally think the disease will be around through the lives of my children, and maybe of my grandchildren."

**● Since Dr Kessler gave his talk, new claims have continued to flood in. Yesterday came reports of a Japanese antibody against AIDS produced from mice, and a British drug derived from plant oil.**

**This week's international AIDS conference in Washington has also seen the statement from Professor Bill Jarret, of Glasgow, a leading AIDS researcher, that he will be testing an AIDS vaccine in the UK within the next year.**

**Professor Jarret, a veterinary specialist, has already produced a vaccine against feline leukemia—apparently the first case of a successful vaccine against a retrovirus.**

## WORTH WATCHING

Edited by Geoffrey Charlish

### Computer listens to inspectors

IN THE US, Hughes Aircraft Company is saving \$1.5m (£920,000) a year on inspection costs by using speech recognition systems in its Californian radar factories.

Inspectors on the production lines have to check hundreds of components in each radar module, using *magnifying glasses or microscopes*. Previously, they had to put down the module and write notes in a log book, or enter data on a keyboard.

With the new system, which has a vocabulary of 1,000 words, the inspectors "talk to the computer" instead, leaving their hands free. Mistakes and delays due to keyboard use are prevented and inspection time reduced.

The speech recognition *software*, developed by Hughes, is claimed to overcome the problems of background noise or changes in the user's voice due to a cold or a sore throat.

### Shaping up forging tools

WORK AT Leeds University in the UK, sponsored by the Science and Engineering Research Council, has shown that considerable help can be given to the forging industry in deciding on tools and processes, eliminating laborious calculations and avoiding waste of materials.

In forging, the hot billet of metal needs several blows from varying directions and with various tools. During the work, intermediate shapes called preforms arise. *Given the finished shape*, it is not easy to determine the exact shape of the preforms and hence the tools needed to make them.

By computer simulation, *considerable assistance* can be provided and the ultimate aim is to arrive at a means of completely specifying the tools and process, knowing the final shape. The simula*tion can predict forming* loads and metal flow in closed die forging and extrusion presses.

The work was carried out at Leeds under Professor Alan Bramley, who is now at Bath University on a similar project.

### A concrete attack on rust

A PLANT has been set up in Cardiff in the UK to make steel reinforcing bars that are epoxy coated, protecting them against the type of corrosion damage that is beginning to cause problems in reinforced concrete constructions ranging from motorway bridges to multi-storey car parks.

*The plant has been built by* Allied Steel and Wire, whose engineers have been examining the position in North America, where major highway building programmes began 15 years earlier than *in the* UK.

According to a report by the Department of Transport in New York state, the structures are *deteriorating faster* than they are being rehabili*tated. The 1983 report talked* of "projected failure of the highway network" and the use of epoxy coated bars in new construction is now widespread in the US.

*Normal steel bar used for* reinforcing is subject to rust if oxygen penetrates the concrete. As well as weakening the bars, the rust is expansive and can cause internal pressure that tends to break up the concrete.

Accelerated corrosion tests at the Ontario Ministry of Transport indicate that the predicted service life of unprotected bars, sometimes as little as five years, can be increased between seven and 10 times by the use of epoxy coating.

Allied Steel hopes that its product, called E-Bar, will be *adopted in the UK to avoid* building up "massive problems for the future."

CONTACTS: Hughes Aircraft: US, (213) 616 1022. Bath University: UK, 0225 826933. Allied Steel and Wire: UK, 0222 471333.



## Digital systems keep ringing up sales

THE EUROPEAN market for private telephone exchanges (PBXs) will stay buoyant up to 1992, according to a new report by Logica, the consultancy and market research group.

Growth will continue to be fuelled by businesses changing from electromechanical and analogue to digital systems, Logica says.

Last year, digital systems accounted for 8.3 per cent of the market — with the highest penetration in the UK — and they will account for 42 per cent by 1992.

The report predicts that the installed based of PBX extensions in Western Europe will grow at an average of 4.5 per cent a year from 42.6m at the beginning of last year to 54.2m by 1992.

Shipments of extensions will rise to 7.4m in 1991 from 5.3m in 1986, equivalent to 377,000 systems shipped in 1991 and 279,000 in 1986.

The value of the PBX market in 1991 will increase to \$3.05bn in 1991 from \$2.19bn at present, Logica predicts.

The West German market, the largest in Europe, will grow from \$534m last year to \$827m in 1991, with shipments up from 1.1m extensions to 1.7m over the same period.

The report describes the French, Italian and British markets as the most competitive in Europe.

The PBX market in the UK will fall this year and next before picking up later, Logica says. The downturn over the next two years follows the rapid increase in sales in 1984 and 1985 prompted by British Telecom's aggressive response to market liberalisation.

PBX prices in France are half those in the UK and the price differential will remain, the report predicts.

BPX Markets in Europe, Logica, 64 Newman Street, London W1A 4SE. By subscription.

# Lonrho's interim £76m is below City forecasts

BY DAVID WALLER

**Lonrho**, international trading and mining group, yesterday disappointed the market with interim figures below City forecasts.

In the six months to March 31 1987 pre-tax profits were £76.1m, against £71.1m. Turnover was up 8 per cent to £1.37bn.

Earnings per share increased slightly from 10.6p to 10.7p. The provision for tax rose from £30.1m to £35.2m, 46 per cent of taxable profits.

*Forecasts had ranged from* £80m to £95m and the shares *fell 15p immediately after the* announcement, recovering to *close 10p down at 288p.*

Mr Paul Spicer, a director, said that the *board* expected an excellent year overall.

"*Lonrho traditionally* gets most of its growth in the *second half*, and *this year* we will expect a very considerable *impact from* the *sharp rise* in the prices of platinum and *gold. This hasn't had an impact* on the interims."

The company *gave no break*-down of profits but said that the US *oil business, acquired* last October for $170m (£104m) *was performing well ahead of* expectations.

*Today newspaper had not yet* become profitable, but the com*pany said it continued to im*prove in quality. Rationalisation was under way and this week it was announced that Sunday Today was to close.

Currency movement had an adverse, but undisclosed, effect.

Minorities took £6.3m (£4.8m), and extraordinary charges amounted to £4m (credit £4.9m).

Taxable profits included £17.2m from associates. The group's share of turnover from associates was £272.4m (£277.7m), which was not included in group turnover.

The board declared a second interim dividend of 4p making an adjusted total to date of 4.9p, against an adjusted 4.46p.

Later this month, Lonrho will seek to obtain a listing for 20m new shares on the Tokyo stock-market.

See Lex

# Kennedy Brookes £35m purchase

BY STEVEN BUTLER

**Kennedy Brookes**, *the* London-based restaurant and hotel group, is more than doubling the size of its hotel *division with a £35m acquisition* announced yesterday of the Heritage group of 11 hotels from the Goldsmiths Group, a subsidiary of Oriflame.

The purchase price consists of a basic sum of £16.38m for the share capital of Prince of Wales Hotels, a subsidiary of Oriflame which owns seven of the hotels. Kennedy Brookes will assume some £24m of existing indebtedness of the Heritage group and the repay*ment by Goldsmiths of £5m of* inter-company debt.

The acquisition is to be financed partly through the issue of 9m ne wordinary Kennedy Brookes shares at 335p each under a placing scheme which is to raise £23m net. Kennedy Brookes shares yesterday closed down 11p at 361p.

The new shares are to be conditionally placed with investors subject to a clawback plan under which Kennedy Brookes shareholders and holders of convertible unsecured loan stock may apply for the new shares according to a maximum two-for-seven

The hotels of the Heritage group include nine freehold and two leasehold hotel properties, with a total of 986 bedrooms. The nine hotels already owned by Kennedy Brookes have 291 rooms, mainly in the south of England and in the Midlands. The Heritage hotels are concentrated in the north.

Kennedy Brookes may introduce its Wheeler's fish restaurant in at least four of the newly-acquired hotel properties, and the hotels will be integrated with Kennedy Brookes existing hotels.

## Bio-Isolates action settled

**Bio-Isolates (Holdings)**, the USM company which has had a long struggle to make profits out of its process for producing protein from cheese whey, yesterday denied it was in financial trouble after a report that it had *faced* a High Court winding up petition on Wednesday.

The petition was brought by a creditor who was owed around £2,000-£3,000 and was settled out of court.

Bio-Isolates put together a *refinancing package in January* which gave it enough working *capital to see through* its 1987 operating plans. Its shares were unchanged at 31p.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| Century Oils | 4.15 | Aug 8 | 3.5 | 5.75 | 5 |
| *Electrocomponents* | 5.2 | — | 4.35 | 7.4 | 6.25 |
| Hill Samuel | 11 | July 17 | 9.6 | 14.8 | 13.2 |
| *Hille Ergonom* | ‡1.8 | — | — | 2 | — |
| Holden Hydreman | ‡2.53 | Aug 10 | 2.28 | 3.5 | 3.25 |
| *Imry Intl* | ‖2 | — | — | 2 | — |
| Jarvis Porter | 2.3 | — | 2 | 3.6 | 2 |
| *Lonrho* 2nd int | **4 | Oct 1 | 3.64* | — | 10.83* |
| Miss Sam Hldgs int | ‡1.39 | July 25 | — | — | — |
| *Northern Securities* | 2 | July 27 | 1.6 | 2.7 | 2.3 |
| Phoenix Timber | 1.5 | July 31 | nil | 1.5 | nil |
| Schroder *Global* Tst int | ††2.13 | *July 23* | 1.2 | — | 4.25 |
| Smith New Court | 6 | — | 5 | 8 | 7 |
| *TR N America* | 1.5 | July 17 | 1.32 | 2 | 1.83 |

Dividends shown pence per share net except where otherwise stated. * *Equivalent after allowing for scrip issue.* † *On capital* increased by rights and/or acquisition issues. ‡ USM stock. § *Unquoted stock.* ¶ Third market. ‖ *As forecast on merger* into new company. ** Makes 4.91p to date (4.46p). †† To reduce disparity between interim and final.

# Trafalgar House's bid for PFPUT rejected

By Paul Cheeseright, Property Correspondent

**The Pension Fund Property Unit Trust yesterday rejected a *bid by Trafalgar House*, the shipping, property and construction group, to acquire its portfolio for £187.7m.**

**The trust, established 21 years ago and now the largest in the UK, operates independently of a merchant bank. It said that it wanted to continue as a vehicle for pension funds to invest in property. It would seek a listing on the Stock Exchange.**

**Listing for property unit trusts should become legally possible next year, depending on the passing of the Financial Services Act. The necessary regulations are expected to be published by the Department of Trade and Industry in December.**

**The Trafalgar House offer, made last month, was based on a valuation of the trust's portfolio by Jones Lang Wootton *last March. This* valued each unit in the trust at £2,343 or £187.8m for the whole portfolio.**

**A subsequent valuation *in* May increased the portfolio figure to £204.5m, boosted by the general rise in City rents *and the letting, at a higher* rate, of one of the trust's City *of London* properties.**

**This raised the bid for the Trust's units above the Trafalgar House offer. Bid and offer prices for the units have this month been set at £2,385 and *£2,625* respectively, a rise of 11.7 per cent in two months, *the trust noted.* The prices had been almost static for the *previous year.***

See Lex

**HODGSON HOLDINGS** is to buy fellow funeral director Ashton Ebbutt (Holdings) for about £2.2m. Pre-tax profits for the year to end-June, 1986, increased more *than tenfold* to £38,860, while turnover rose from £1.35m to £1.4m. Net tangible assets amounted to £278,000.

**RTZ:** Sir Alistair Frame, chair*man, told shareholders* at yesterday's AGM that the company was *in good shape and* profits were higher than at this time last year.

Clay Harris on the closing stages of United's bid for Extel

# The end of a proud independence

TIME APPEARS finally to *have run out for Extel*

With the information and *communication group* conceding that the £250m takeover *bid from* United Newspapers was likely to suceed, attention *now focuses on* why Extel failed to repel this offer, as it had *driven off two hostile suitors* in the past 14 months.

United and Samuel *Montagu*, its merchant bank, appear to have carried off a *gamble* that the first offer would be suffi*cient, and that victory could be* clinched in a shortened bid *period.*

A similar strategy by *Williams Holdings narrowly* failed to win Norcros less than *two months ago.*

"We had a deliberate *strategy,*" Mr Rupert Faure Walker of Montagu said yester*day.* "We did not want the bid to last 60 days."

Extel feels strongly that the turning point was the decision by Globe Investment Trust to commit its 6.8 per cent stake to United's cash offer on Tuesday, the first closing date, an unusual move by a large institutional shareholder in a contested bid.

*By* raising the level of acceptances to nearly 42 per cent, this scuppered any chance that a rival bidder would emerge or that Extel would succeed in wringing better terms *out of United, publisher of the* Daily and Sunday Express, Daily Star, regional newspapers and magazines including Punch.

*United and others, however,* believe that Extel was destined eventually to lose its independence after 115 years.

Mr Graham Wilson, United finance director, pins this firmly on "the arrogance of owning a monopoly." Other observers tone down the charge to complacence.

In any case, Extel's Achilles heel turns out to have been its racing news service, which has had a virtual monopoly to betting shops since off-track betting was legalised in 1961 but now faces fierce competition from its rival Satellite Information Services' broadcasts of race meetings.

Extel has also been accused

Mr Alan Brooker, left, chairman of Extel and Lord Stevens, chairman of United Newspapers.

of failing to take full advantage of its commanding position in financial news and data services. It is, for example, the only external agency to which companies must supply all information also given to the Stock Exchange.

Critics suggest that it has missed commercial opportunities and lost ground to rivals *like Reuter and Datastream.*

Extel rejects the comparison, *noting that it is a supplier of* raw data to *both* (as well as *selling its own* value-added services), and that each had a *long gestation insulated from* commercial pressure.

"We don't accept that we have been slow," said Mr Alan Brooker, Extel chairman. He added: "We can always be accused of being a bit timid with our tariffs and complacent in the market place."

Apart from the vulnerability of the target, United's success where Demerger's full bid and Mr Robert Maxwell's courtship had failed can be attributed to two factors.

One is the high base from which United launched the offer. Montagu bought Mr Maxwell's 26.8 per cent stake in a sealed-bid auction in April. Williams, for example, had only 2.3 per cent when it bid for Norcros.

With subsequent market purchases, Montagu now holds 29.9 per cent.

More importantly, however, United and Montagu convinced some shareholders, including Globe, that the cash *terms* of its offer might not be extended beyond last Tuesday and that it was unlikely *to raise its offer.*

In one way, this was a defensive manoeuvre. United, which saw a fall in earnings *per share last year, was under* strong pressure to avoid a dilutive acquisition like that *of* Fleet Holdings in 1985.

[*Stung by criticism,* Extel had pointed to its superior recent earnings record. Referring to Lord Stevens, United chairman, Mr Brooker said recently: "He invents a piece of paper, throws it at the profits of the company he's acquiring, and calls it growth."]

"We certainly did not tell Globe that we were going to cut off the cash on the first closing date," Mr Faure Walker said yesterday. "We did not say that it was not going to be increased. You can't do that."

United did tell shareholders, however, that it considered its cash offer full and fair, even after considering Extel's 1986-87 results published in its defence document last week. Globe, at least, took the hint.

Mr James West, the investment trust's managing director, said yesterday: "I'm not sure that they would have extended the bid." Globe considered the offer "good value."

Extel was especially galled by Globe's decision for several reasons. Relations between the two groups go back more than a century, as a predecessor to Globe installed cables for the original Exchange Telegraph Company in the 1880s and 1890s.

The holding was close enough to Globe's heart for Extel's logo to appear as one of nine jigsaw pieces on the cover of the investment trust's 1986 annual report.

Mr Brooker was also angered to learn of Globe's decision only two minutes before the deadline on Tuesday, after having been led to believe otherwise that morning.

Mr West said, however: "I think that Extel is rather more surprised than it should be."

Kleinwort Benson, advising the Extel defence, had considered offering Globe 500p cash per share (against the 481p United terms) for its stake, as it did unsuccessfully for the 7.2 per cent held by MIM, the fund management group.

Mr Graham Pimlott of Kleinwort said that MIM's stake was seen as the key to flushing out any white knights. The 500p offer did ensure that MIM did not accept the offer on *Tuesday.*

The bid has been watched with interest by the man who put Extel into play.

Mr Peter Earl last year won the support of only 33.7 per *cent of Extel's shareholders for* the ambitious £170m bid by his Demerger Corporation to break the group into five separate companies.

He yesterday attributed United's apparent success in part to its higher cash offer. Extel, moreover, had changed considerably since the Demerger bid.

"Dealers Digest (the US financial publisher bought for £27m last August) really diluted the earnings of existing shareholders because they issued so much paper at such a high *p/e*," he said.

The subsequent sale of computer and advertising divisions (the latter at half the value placed on it by Demerger) and the problems facing the racing service also reduced its attractions.

As Extel heads towards losing its proud independence, Mr Earl made a familiar diagnosis: "If you're complacent, it's because you've reviewed the risks and think you're OK. You're arrogant if you're not paying attention to what's coming up behind."

# Brookville bid for Jarvis

BY PHILIP COGGAN

**Brookville Securities** yesterday launched a £7.50 cash offer for J. Jarvis, the building company, after it had triggered a clause in the *takeover code* which required it to make a *full offer* for the group.

Brookville, which is a company *especially* established by Mr Harvey Bard, a London *property investor, acquired a* further 3.45 per cent of Jarvis' equity *pushing its stake to 32.76* per cent.

*At the last annual general* meeting in October, Mr Bard failed in his attempt to join the Jarvis board. The company recently moved back into the black after a *difficult period in* which it got over-involved in *property development* and discreet institutional lobbying led to boardroom changes.

Brookville's offer of £7.50 per *share values Jarvis at £7.5m.* The shares closed yesterday at *£8.25p. up 50p, compared* with touching 263p eighteen months *ago.*

## COMPANY NEWS IN BRIEF

**NOLTON:** Benlox Holdings through its wholly-owned subsidiary, *Keatway, has acquired* a further 350,000 Nolton shares. Keatway now owns 2,825,600 Nolton shares (12§65 *per cent of the voting capital).* Mf Andrew Miller, chairn/n of Benlox, owns *3,679,570 Nolton* ordinary which, when taken *together with* the holding of Keatway is equal to 29.13 per *cent of the voting capital of* Nolton.

**WACE GROUP** had made a good start to the year, said the chairman at its AGM. Figures *for 1987* were expected *to show* substantial improvement over *1986 following the acquisition* in March of its largest com*petitor, Plus Graphics. The* group would resume dividend *payments later this year after* an interval of six years.

**CHARTERHALL'S** offer for the outstanding 40.8 per cent of the ordinary shares in Charterhall North America and all the subscription warrants has been accepted by holders of 2.45m shares (36.2 per cent of the ordinary) and 88.4 per cent of the warrants.





| High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E |
|---|---|---|---|---|---|---|---|
| 161 | 133 | Ass. Brit. Ind. Ordinary | 160 | — | 7.3 | 4.6 | 9.8 |
| 163 | 145 | Ass. Brit. Ind. *CULS* | *163* | — | 10.0 | 6.1 | — |
| 38 | 34 | Armitage and Rhodes | 36 | — | 4.2 | 11.7 | 5.0 |
| 80 | 67 | BBB Design Group (USM) | 78 | — | 1.4 | 1.8 | 18.1 |
| 241 | 215 | Bardon Hill Group | 241 | +1 | 4.6 | 1.9 | 27.4 |
| 155 | 65 | *Bray Technologies* | *155sus* | — | 4.7 | 3.0 | 12.4 |
| 160 | 130 | CCL Group Ordinary | 160xd | — | 11.5 | 7.2 | 4.1 |
| 115 | 98 | *CCL Group 11pc Conv. Pref.* | 115 | — | 15.7 | 13.7 | — |
| 144 | 136 | Carborundum Ordinary | 144xdc | — | 5.4 | 3.7 | 12.5 |
| 94 | 91 | *Carborundum 7.5pc Pref.* | 94 | — | 10.7 | 11.4 | — |
| 100 | 87 | George Blair | 100 | — | 3.7 | 3.7 | 2.6 |
| 143 | 119 | Isis Group | 120 | — | — | — | — |
| 132 | 119 | Jackson Group | 132 | +1 | 6.8 | 5.2 | 7.3 |
| 378 | 321 | *James Burrough* | 378 | +2 | 17.0 | 4.5 | 10.5 |
| 95 | 86 | James Burrough 9pc Pref. | 95 | +1 | 12.9 | 13.6 | — |
| 780 | 530 | Multihouse NV (AmatSE) | 530xd | — | — | — | 21.0 |
| 423 | 361 | Record Ridgway Ordinary | 423 | +1 | 1.4 | — | 8.5 |
| 86 | 83 | Record Ridgway 10pc Pref. | 86 | — | 14.1 | 16.4 | — |
| 91 | 80 | Robert Jenkins | 80 | — | — | — | 3.5 |
| 101 | 42 | Scruttons | 101 | — | — | — | — |
| 167 | 141 | Torday and Carlisle | 167xd | — | 6.6 | 4.0 | 8.0 |
| 365 | 321 | *Travian Holdings* | 355 | +5 | 7.9 | 2.2 | 7.4 |
| 105 | 73 | Unilock Holdings (SE) | 105 | — | 2.8 | 2.7 | 19.3 |
| 155 | 115 | Walter Alexander | 155 | +2 | 5.0 | 3.2 | 14.8 |
| 196 | 190 | W. S. Yeates | 195xd | — | 17.4 | 8.9 | 19.5 |
| 116 | 96 | West Yorks. Ind. Hosp. (USM) | 105 | — | 5.5 | 5.2 | 11.1 |

## UK COMPANY NEWS

# Big Bang costs dampen Hill Samuel profits growth

BY DAVID LASCELLES, BANKING EDITOR

The cost of preparing for the Big Bang had a dampening effect on profits growth at Hill Samuel. The merchant banking group yesterday announced that post-tax profits for the year ending March 31 were £42.9m, up 5 per cent, and earnings per share were 3 per cent higher at 45.58p.

Hill Samuel's profits from merchant banking were down for the year as a whole to £24.9m after tax from £26.5m the year before, though there was a strong upward trend in the second half of the year.

Mr Christopher Castleman, the group chief executive, said Big Bang had entailed £17m of capital expenditure and "significant people and trading costs." After tax the total impact was "materially over £2.5m," he said. In addition, the merchant banking division had absorbed £1.5m of adverse currency movements. The group wrote off against reserves goodwill totalling £23.5m, the bulk of this representing the second portion of Hill Samuel's investment in Wood Mackenzie, the stockbroking firm which it now owns 100 per cent.

Merchant banking benefitted from a good year in corporate finance, banking and treasury activities. The gilts dealing operation has been profitable from Big Bang, and in equities there was strong growth recently in both agency and market making volumes.

Among the group's other activities, investment management increased profits to £15.9m from £8.8m the year before. Employee benefit services and shipping services also improved. Insurance broking profits declined slightly, to £2.6m from £2.7m, partly because of the weakness of the dollar. Total profits of the non-banking divisions were up by 42 per cent, meaning that they now account for more than half of the group's total operating profits.

The group made several significant acquisitions during the year, but ended with some £40m in available capital resources. Mr Castleman said the group was unlikely to make more purchases and would probably use the resources to invest further in the merchant banking operations where new capital requirements are being prepared by the regulatory authorities.

Hill Samuel also hit out yesterday at the group of five antipodean investors who have acquired stakes totalling some 26 per cent in recent months. It said "these new investors provide no commercial benefit to the group's trading activities" and added that it intended to remain independent. There had been very little contact between Hill Samuel and the investors, Mr Castleman said.

The 11p final dividend announced yesterday brings the total for the year to 14.8p, an increase of 12.1 per cent.

See Lex

# Rolls-Royce confirms foreign limit on shares

By Alice Rawsthorn

Rolls-Royce, the recently privatised aero-engine manufacturer, yesterday issued a statement reminding shareholders that the proportion of foreign-owned shares is restricted to 15 per cent of its equity.

The statement was released in response to press comment about the high level of interest from overseas investors in Rolls' shares. Foreign interest, specifically from the Japanese, is thought to have lubricated first day dealings.

When planning Rolls' privatisation the Government — conscious of the political sensitivity of its privatisation programme — stipulated that foreign investment should be restricted. The same limitation has applied to several other privatisation issues.

Rolls said yesterday that it cannot gauge the extent of overseas shareholding until all the shares are registered. The deadline for full payment for the shares, and for registration, is September 23. Some shares have already been registered, indicating that, on Wednesday this week, 6.5 per cent of Rolls' equity was in foreign hands.

If the proportion of overseas investment does exceed 15 per cent, then "superfluous" foreign shareholders will be forced to divest on a "first fully paid, first served" basis.

# Smith New Court raising capital through acquisition

BY CLIVE WOLMAN

Smith New Court yesterday coupled the announcement of its year-end results with proposals to raise £53m of capital, mainly by taking over and liquidating the portfolio of New Court Trust, an investment trust company managed by the merchant bank N. M. Rothschild.

Shareholders of the trust, in which Rothschild holds a 29 per cent stake, will be offered convertible preference shares with an estimated market value of 100p per share.

The value of the offer will then be fixed at 100 per cent of the trust's net asset value, taking into account the portfolio of unquoted securities worth 10 to 15 per cent of the total. A cash alternative is also being offered.

Any outstanding convertible preference shares which have not been accepted by New Court shareholders will be offered to the existing holders of Smith New Court shares, convertibles and loan stock.

Smith New Court plans to liquidate the quoted portfolio of New Court as soon as it wins control. However, the unquoted portfolio will be managed by Rothschild Ventures with a view to the realisation of the investments over the next two years.

As a result, Smith New Court is likely to raise about £38m. A second tranche of £15m of 12 per cent subordinated unsecured loan stock with warrants to subscribe for the ordinary shares—first issued in June 1986—will also be issued.

New Court has nearly 90 per cent of its assets in quoted UK shares. Its investment performance has been poor. Over the five years to May, figures produced by stockbrokers Wood Mackenzie show that its net asset value has risen by 172 per cent, compared with an average rise for non-specialist trusts of 215 per cent

However because of the large stake held by Rothschild, the trust was not considered to be vulnerable to a takeover and its shares have been trading at a discount of nearly 25 per cent to its net asset value. The shares yesterday rose 168p to 798p after the announcement.

The indirect method of raising money through the takeover and liquidation of the trust was chosen because it allows Rothschild to maintain its stake in Smith New Court, which will amount to about 33 per cent of its ordinary shares on a fully diluted basis, without having to commit any more cash.

Financial results for the 12 months to April 24 1987 show an after-tax profit of £7.3m compared with £4.4m in 1985-86. The final dividend is 6p making 8p net per share compared with 7p.

The company increased its staff from 300 to 775 over the last financial year, of which about 150 have come from its acquisition of the stockbroking firm Scott Goff Layton. It now has 46 equity analysts of which 18 cover international stocks.

It has also opened offices in Hong Kong, Singapore, Tokyo and Melbourne.

Mr Tony Lewis, chairman, said that the current year had started very satisfactorily.

See Lex



# Paterson Zochonis warns of sharper than feared fall

BY TERRY POVEY

Paterson Zochonis, yesterday warned that pre-tax profits for the year to May 31 could be as much as £6m lower than expectations, at around £31m.

Mr Allan Whittaker, finance director at the soap and detergent manufacture and West African trader, said that a sharp fall in the Nigerian naira from November's 20p to the 14p-16p levels seen over the last two months was responsible for the profits drop. The group's shares fell 33p to close at 383p.

In mid-March, the group announced first-half profits down £4.48m at £16.3m but indicated that the second-half outturn would be comparable with the £21½m posted in the same period of 1985-86—when about half profits came from Nigeria.

In October, Paterson wrote-off £35m against the then £43.7m book value of assets in Nigerian subsidiary and related companies. This followed the introduction of a free currency market in Nigeria in September — which led to the value of the naira falling from 61p to 15p.

Mr Whitaker said that the fall in the naira from 20p to 14p accounted for almost all the £5m to £6m drop in profits now being anticipated by Paterson.

**SCHRODER GLOBAL Trust:** Net asset value at April 30 1987 was 292.1p (244.1p). Interim dividend of 2.125p (1.2p) to reduce disparity between payments. Total revenue for the six months was £1.42m (£1.4m) and £1.06m (£1.2m) before tax of £325,000 (£395,000) leaving earnings of 2p (2.21p) per 25p ordinary.

# Stone Intl. share listing suspended

The Stock Exchange listing of Stone International, the systems engineering company, was temporarily suspended yesterday at the company's request, pending an announcement. No-one was available for comment at the company yesterday.

Last month, Stone, once part of the failed Stone-Platt Industries, announced that pre-tax profits for the year ended May 31 would be near break-even, compared to £6.09m in 1985-86.

The decline, which was attributed mainly to management problems at the core transportation division at Crawley, forced the sale of Andrews Group, maker of air-conditioner equipment and one of the group's most profitable subsidiaries.

However, Mr Robin Tavener, managing director, predicted a sharp recovery in the year just entered.

# UK COMPANY NEWS

## Century Oils advances by 14% to £5.9m

By Lucy Kellaway

Century Oils, the specialist lubricants manufacturer, yesterday announced a 14 per cent increase in pre-tax profits to £5.9m (£5.1m) for the 12 months to March, and described the year as one in which "considerable progress" had been made.

Despite a 10 per cent increase in sales volumes, turnover during the year fell to £87.5m (£91.1m) as a result of the fall in oil product prices.

The company said its US operations returned to profit last year, following the concentration of manufacturing in its new plant at Huntington.

In the UK, group manufacturing and distribution facilities have been regrouped into one modern centre, which began production at the beginning of this year. Costs of £661,000 relating to the reorganisation have been taken as an extraordinary item.

Group profit after tax was £4.2m (£3.9m), while the attributable profit was lower at £3.6m (£3.9m). The final dividend has been increased to 4.15p (3.50p).

### ● comment

It is all very well for Century to talk about "record" profits, but a 14 per cent rise looks thin against the windfall gains that were made last year by its main competitors, Castrol and Shell. Century maintains that because of its industrial base, its ability to hold onto lower input costs is limited. However, this does not mean that the company will be equally unaffected by the rise in oil prices, which could put pressure on margins. Failing a sharp rise, it should make another respectable advance this year to about £6.8m pre-tax, although this time most of the gain will be the one-off advantage from its new production centre in the UK. Meanwhile, further steady advances in sales can be expected from its successful pursuit of overseas markets and from its new high-tech customer service in the UK. Century deserves to be rated at a discount to the likes of Burmah, but on a p/e of just 10 at 203p, the new efforts being made by this ill-researched company to boost its image could pay off.

## Phoenix rises to £0.64m as reorganisation goes on

BY ALICE RAWSTHORN

Phoenix Timber has risen from the proverbial ashes. Yesterday the group unveiled produced pre-tax profits of £641,000 in the year to March 31, compared with losses of £973,000 in the previous year, and its return to the dividend list.

A new management team, under Mr Peter Quinn as chairman, moved into Phoenix early last year at the behest of 3i, the investment group and a major shareholder. The business was on the brink of collapse.

In the autumn the new team assembled a £5.2m rescue package and in April announced proposals for a £3.7m rights issue.

Phoenix has moved away from low margin areas of the timber trade into more profitable niches such as manufacturing wood products for the building industry. As a result the business returned to profit, but turnover fell to £35.34m (£37.19m).

"In the past the group has gone for volume sales at the expense of margins," said Mr Quinn. "Now we have established minimal margins and, if necessary, we are prepared to walk away from sales."

Operating profits were £1.78m (£996,000) but interest charges came to £1.14m (£1.94m).

There are no extraordinary charges, compared with one of £1.63m in the previous year.

Earnings per share rose to 8.7p (loss of 32.6p). The board proposes to pay a final dividend, the first for two years, of 1.5p.

After the completion of the rights issue on Tuesday, borrowings will be reduced and the company's gearing will stand at 30 per cent. Phoenix has already announced plans for the purchase of Protim Services, a timber treatment business.

Mr Quinn said that the group was looking for further acquisitions, specifically in the areas of building materials, property care and timber treatment.

### ● comment

After years of angst Phoenix has hauled itself out of the ranks of the walking wounded and back into the City's good graces. The strategy is simple, Phoenix has steered clear of price competitive, currency sensitive areas like timber importing to nurture new niches in higher margin areas. Moreover the climate for recovery could scarcely be more clement. The construction industry is booming; sterling relatively strong; and investors have been inclined to back the new management team. The outlook for the present year seems buoyant, or so the order books suggest. The rights issue will whittle brrowings down to a more manageable level, while Protim augurs well for future acquisitions. The City expects profits of £2m this year, putting the shares, which rose by 2p to 130p yesterday, on a prospective p/e of 11. Undemanding.

## Imry International meets forecast with £2.07m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Imry International, formed by a merger last January of Imry Property and Arbuthnot Properties, yesterday announced pre-tax profits of £2.07m for the year to last March, thus meeting the estimate made at the time of the merger.

The directors declared a dividend of 2p a share. Earnings per share were 28.49p. The figures left the market unmoved, and the shares at 535p were unchanged on the day.

Given the merger, the figures are not comparable with any figures for Imry Property in the previous year, but had the results of all the constituent parts of the combined companies been included for a full year, the pre-tax profits would have been £5.2m and the earnings per share 13.19p.

Imry Property was an investment company and Arbuthnot a development and trading company.

The new grouping disclosed that its net asset value per share is 336p, so it has been trading on the market at a substantial premium.

Mr David Davies, the chairman, said that of the £85m portfolio brought into the merged group by Imry Property, a quarter had been designated as suitable for trading.

Imry International's biggest project is the proposed redevelopment of the St George's Hospital site at Hyde Park Corner in London

The company is currently negotiating the purchase of a mixed property portfolio from a pension fund, the acquisition of a 16-acre site for offices in the south-east and an office-residential development in London.

The accounts show that Imry International has short-term debts of £39.18m, about half of which is being refinanced. Its cash balances are £17.16m.

## Downturn at Hille Ergonom

Hille Ergonom, an international contract furniture group, recorded a profits shortfall of £258,000 to £704,000 pre-tax over the year to March 31 1987.

The directors said yesterday that the results had been significantly affected by a downturn in orders placed by a major customer.

In addition, margins on imported office systems business were eroded by the weakness of the pound during the latter part of 1986.

The directors added, however, that they were confident that steps taken during the past year were already laying the foundations for a resumption of growth and improved profitability.

Sales for 1986-87 rose to £12.7m (£10.2m). Earnings amounted to 4.2p (7.29p) and a final dividend of 1.3p makes a total of 2p. The company came to the USM in July last year.

## TSB buys Boston Financial for £2m

TSB Group has bought Boston Financial, a small factoring company specialising in invoice discounting, from First National Bank of Boston for about £2m, it announced yesterday.

Boston Financial will be integrated into United Dominions Trust, the group's finance company, and its name changed to UDT Commercial Finance. The acquisition allows the TSB to expand its range of services to corporate customers.

## River & Mercantile

Under the proposals for the conversion of River & Mercantile Trust into a split level investment trust, ordinary shareholders could elect to receive new shares in a standard proportion of one stepped preference share, two income shares and one capital share cum warrant rights.

Applications from ordinary holders under the "Mix and Match" election in excess of the standard proportion had been satisfied in respect of each class of new share to the following extent: Stepped preference shares, 47.8 per cent; Income shares, 100 per cent; Capital shares (cum warrant rights), 88.5 per cent.

## Goodman suspended

SHARES in Goodman Brothers, clothing manufacturers, were yesterday afternoon suspended at 63p, having moved up from 46p at the beginning of the week.

The company made pre-tax profits of £14,000 for the six months to October 31 1986, and losses of £234,000 for the previous full year. At the suspension price, Goodman is valued at £6.2m.

# UK COMPANY NEWS

## Expanding Charles Church hits £6m

By Philip Coggan

Charles Church Developments, south-east housebuilding group, yesterday announced its first set of results and its first acquisition since it joined the Stock Exchange in April.

Pre-tax profits for the six months to February 28 were £6.02m on turnover of £39.02m which the company says puts it well on target for the £11m full year forecast made at the time of the flotation.

Mr Nicholas King, the group's managing director, said that average house prices had increased by around 15 per cent since August 1986 although it would be wrong to annualise the figure.

The average price of a Charles Church house was around £90,000 and that should increase again in the second half as the mix improves towards higher value houses.

The company has a land bank—with planning permission—of about 18 months' work, including 90 houses which will be built near Richmond station in Surrey after a successful planning appeal.

Gross profit for the half year was £9.4m and earnings per share were 4.7p. No interim dividend is being paid.

The acquisition of County House Developments represents Charles Church's first move into Essex. County concentrates on the upper end of the market—most of its homes are currently priced over £300,000—and built only 31 homes in its last financial year.

Although County made a pre-tax loss of £209,000 in the year ending May 31, 1986 and had net assets of only £53,000, it could add as much as £400,000 to Church's pre-tax profits by the end of the financial year.

Initial consideration will be £3m, in the form of £1m cash and £2m of convertible redeemable preference shares. A new company will then be formed called Charles Church Essex which will be 80 per cent owned by Charles Church and 20 per cent by the vendors of County.

Further consideration, up to a maximum of £7m, will be payable to the vendors of County dependent on future profits.

Mr David Tutcher, formerly land director of Heron Homes, has joined the Charles Church board.

## Jarvis Porter profits fall after slow retail sales

Jarvis Porter Group, label and packaging printer, produced a slight fall in pre-tax profits for the year to end-February from £2.53m to £2.41m after a difficult first half partially offset by a second half recovery.

The group was 95 times over-subscribed when it came to the market in March 1986, attracting subscriptions totalling £504m. Interim profits fell from £1.28m to £955,000 after late orders and sluggish retail sales.

However, Mr Paul Jarvis, chairman, said turnover, profits and margins had shown a strong recovery in the latter half of the year.

The current financial year had got off to a good start, he said, with profits significantly ahead of the previous year. The group's order books were full and the board expected the traditional pattern of higher profits in the second half to be repeated.

The company's plan to form two separate companies to concentrate on its major areas of business, labels and packaging, would result in further efficiencies and cost savings.

Turnover for the year rose from £22.4m to £24.9m, with operating profits at £2.4m (£2.44m). Incoming interest added £150,000 (£93,000) and exceptional development expenditure on the group's Mono-Web Labelling System took £136,000.

After taxation of £816,000 (£966,000), earnings per share worked out at 9.6p, compared with last year's 8.9p. There was an extraordinary credit of £479,000.

A recommended final dividend of 2.3p makes a total of the year of 3.6p, compared with a single dividend of 2p for 1986.

The group's conventional labels division achieved better productivity and higher profits and spent £500,000 on expanding facilities at its Scottish plant, which serves the whisky industry.

The rate of growth in the self-adhesive label operations slowed, but results were encouraging and further growth was expected. The first production runs of labels on the Mono-Web Label System had been successfully completed.

The group's new six-colour gravure press had enabled it to achieve export sales in Europe, the Middle East and South America in the highly competitive flexible packaging market.

The promotional products and business gifts division had a difficult year in the US, encountering resistance to imports and adverse exchange rate movements.

### ● comment

Jarvis Porter was 95 times over-subscribed when it came to the market in March last year but those who failed to receive their allocations must be looking at these figures and wondering what all the fuss was about. Pre-tax profits were static, and that after a second half recovery; earnings per share were only 8 per cent higher. Not to say that Jarvis Porter isn't a good company, with good management, good products and some niche markets; just that it's never likely to set the Stock Exchange on fire. This year, the acquisition of Spreckley and a pick-up in orders should push pre-tax profits of £3m which puts the shares at 175p on a prospective p/e of 15. That seems to be up with events.

## Miss Sam climbs 16% to £1.3m at midway

Miss Sam Holdings, the High Street fashion group which came to the USM via a placing last November, yesterday announced a 16 per cent increase from £1.09m to £1.27m in pre-tax profits for the six months ended March 31 1987.

Mr Stephen Morris, chairman, said the directors were extremely satisfied with the results particularly in view of the adverse weather conditions over the past six months which affected some of the company's major retail customers.

Turnover and forward orders were currently performing at a higher level than at the same time last year. The company was also actively looking at suitable situations for acquisition and in the absence of unforeseen circumstances, Mr Morris said, the company would continue to grow in the second half.

Turnover in the first six months at £6.43m was 14 per cent up on the £5.66m for the corresponding period of the previous year.

Tax took £450,000 (£411,000) and there was an extraordinary item of £145,000 (nil) representing the company's proportion of the placing expenses. Earnings per share emerge 20 per cent up at 5.13p (4.26p) and an interim dividend of 1.39p was declared, as forecast.

SWANSEA SOUND made a pre-tax profit of £61,469 for the half year ended March 29 1987; that compared with a loss of £2,806 which rose to £18,788 by the 1985-86 year end. Turnover for the six months rose to £447,521 (£371,039)—national advertising revenue was up 24 per cent and local revenue by 18 per cent. Company continued to concentrate on raising profitability, maximising revenue and reducing costs.

## Next wins control of CES with 57.2%

Next, the ladies fashion and mail order group, has won control of Combined English Stores. Yesterday, Next's offer was declared unconditional after it received acceptances in respect of 57.2 per cent of the ordinary share capital and 62.9 per cent of the preference share capital.

The ordinary offer will remain open for acceptances until further notice, the cash alternative only until June 11 and the preference offer till June 17.

Next's offer topped an earlier bid from Ratners, Britain's biggest jeweller, which was subsequently withdrawn. Merchant bank adviser to Next were Salomon Brothers International and Lazard Brothers.

BLACKWOOD HODGE: Of the 44.61m new ordinary shares offered by way of rights, more than 96 per cent were taken up.

## Anglia Homes rights and acquisition

By Steven Butler

Anglia Secure Homes, the fast-expanding developer and manager of private sheltered homes for the retired, yesterday announced a £20.18m rights issue along with an agreement to purchase Retirement Appreciation, a Norwich-based retirement home builder.

Anglia's half-year results to the end of March, released at the same time, showed a rapid increase in turnover to £1.98m (£1.10m), while pre-tax profits were off to £109,000 (£175,000). Earnings per share fell to 0.76p (2.06p). A first-time interim dividend of 0.7p per share was announced. Anglia's share prices rose 20p to close at 455p.

The company sounded a bullish note, and with the exchange of contracts on flats running well ahead of last year, analysts expect the full year results to be ahead by at least 150 per cent, to well over £2.1m. Flat sales for the entire year are expected to top 200, compared to 107 last year.

The acquisition of Retirement Appreciation will boost group capitalisation to over £61m, according to Anglia. Anglia's market capitalisation yesterday was £42m.

"This acquisition represents the equivalent of two years' growth for the group," said Mr Peter Edmondson, chairman. "It doubles everything, frankly."

Retirement will add over 700 sheltered housing units to Anglia's existing programme of nearly 1,000 units during this and the next two financial years. It also furthers the geographic spread of the group in southern England.

The acquisition is to be paid for with the issue of 3.09m shares. Of these, 120,000 are to be retained by Mr R. A. Meadows, Retirement's managing director who will join the Anglia board.

The balance of shares, along with 2.41m other new shares, will be offered to existing shareholders at 375p by way of a four-for-seven rights issue. Retirement currently has 10 sites under construction, with a planned completion of 511 units during the 1987 and 1988 financial years. Turnover in 1986 was £5.68m, with profits of £469,000.

Proceeds from the rights issue wil be used to refinance the borrowings of Retirement Appreciation, with the balance to be used for site acquisitions and development programmes, or further acquisitions.

## Dwyer back in profit at six months

THE SIX months to March 31 saw Dwyer, property dealer and investor, swing from losses of £21,990 to profits of £151,194 at the pre-tax level.

The directors said yesterday that the second half had started promisingly and that they looked forward to further progress.

For the opening half year total income increased from £29,181 to £538,614. The figure broke down as to trading profits £181,230 and rental income £346,447. Other income added £10,937.

Earnings per 25p share amounted to 2.07p (losses 2.58p). The last ordinary dividend was paid in 1980. As at September 30 1986 there were arrears of preference dividends totalling £12,853. An application is to be made to the Court of Ireland for conversion of the preference shares into ordinaries and for cancellation of the preference dividend arrears.

In recent months the company obtained a London listing and appointed Phillips & Drew as its stockbroker.

## Holden Hydroman

Despite writing off an exceptional £151,000 for research and development, Holden Hydroman lifted its pre-tax profit by 21 per cent in the year ended March 31 1987, from £522,000 to £634,000.

The USM-quoted group is engaged in the manufacture and painting of reinforced polyurethane components for the motor industry, and also serves the telecommunications and building industries.

Turnover rose by 36 per cent to £7.9m. The written-off costs were associated with improving the painting facility.

Earnings for 1986-87 rose to 10.61p (7.68p) and the final dividend is 2.525p for a net total of 3.5p (3.25p).

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

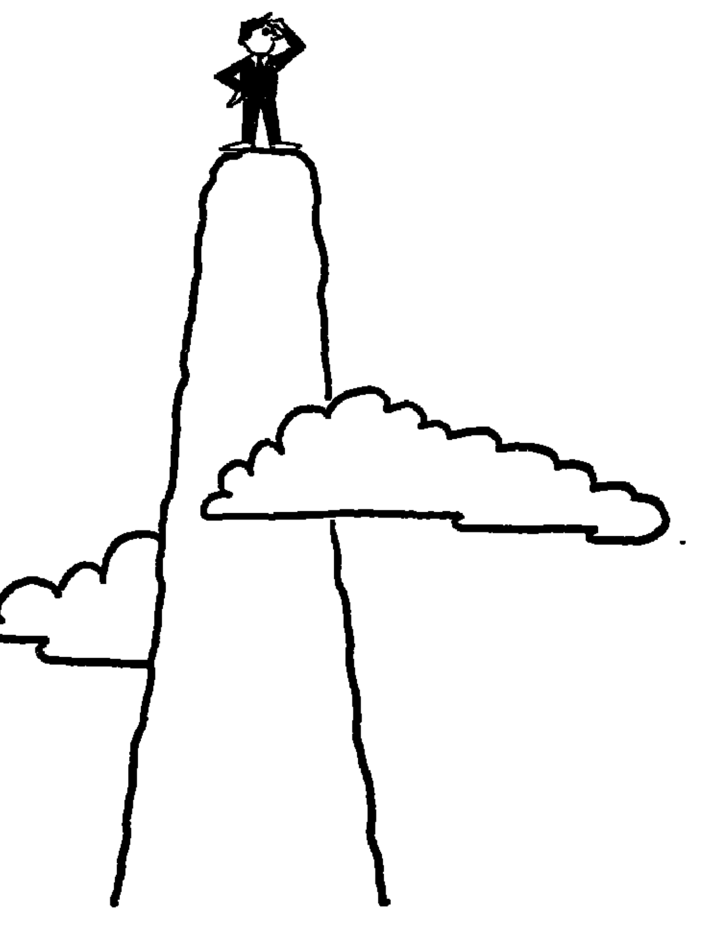
Interim: Heavitree Brewery.

Finals: Delmar, GT Global Recovery Investment Trust, Lendu, William Morris Fine Arts.

FUTURE DATES

| | |
|---|---|
| Interim: | |
| Appletree | June 9 |
| Finals: | |
| Continuous Stationery | June 8 |
| Danae Investment Trust | June 23 |
| Electra Investment Trust | June 9 |
| F. & C. Alliance Investment | June 8 |
| Ferranti | July 1 |
| Havelock Europa | July 29 |





# UK COMPANY NEWS

## Evered recoups part of £23m debt

By Clay Harris

Evered Holdings, the industrial group, has been repaid £2m of the £23m owed by the United Arab Emirates government of Sharjah to the hospital management subsidiary of London and Northern, the conglomerate which Evered took over in April for £107m.

Mr Osman Abdullah, chief executive, said yesterday that he expected eventually to recoup the full debt. The debt will not be included in the prospectus for the sale of L&N's health care division which Evered plans to publish by next month.

Evered would, however, consider any prospective buyer which offered to take the debt off its hands, Mr Abdullah said. It plans separately to sell a London diagnostic clinic—negotiations for a management buy-out are at an advanced stage.

The group is expecting to raise at least £20m from the sale of Tactico, L&N's cellular and private mobile radio company, which is also due to be put on the block shortly.

All other parts of L&N were being studied for their suitability in the combined group, which has a market capitalisation of £210m, Mr Raschid Abdullah, Evered chairman, told the annual meeting yesterday.

L&N's quarrying and housebuilding operations would definitely form two of the group's four core activities. The others are Evered's industrial products and metal forming and polymers division.

The London headquarters of L&N will be closed when the lease expires in September, for an annual saving estimated at £2m.

Current orders were as strong as they had been for several years, the chairman said yesterday, although he was cautious about prospects after the general election.

## Northern Securities shows sharp increase

By March 31 1987, the net asset value of Northern Securities Trust had shown a further substantial increase At 320.9p per share it had grown by 63.9p over the September 1986 figure and by 84.4p over the March 1986 value.

Earnings for the year ended March 31 1987 fell marginally to 3.11p (3.12p). The dividend. however, is lifted to 2.7p net, from 2.3p, with a final of 2p.

In the revenue account income from fixed assets investments fell to £683,000 (£1,07m) and dealing profits to £116,000 (£307,000) But interest on bank loans and overdraft repayable within five years also fell, from £702,000 to £244,000.

## NB Steel

Although North British Steel Group (Holdings) achieved only a marginal improvement in sales during the 28 weeks ended April 11 profits, at the pre-tax level advanced from £23,000 to £77,000. Sales rose from £7.24m to £7.55m.

Profits were struck after taking account of interest charges of £159,000 (£131,000) and exceptional expenses of £119,000 (£139,000).

Earnings per 25p share slipped from 0.5p to 0.3p. The company last paid a dividend in respect of 1982-83.





## Electrocomponents shows further growth to £40m

A RECORD year was experienced by Electrocomponents, with sales ahead 22 per cent and pre-tax profits up 15 per cent in the 12 months ended March 31 1987.

The group distributes and services electrical and electronic components, instruments and accessories. Its turnover came to £243m (£199.7m) and profit to £40.5m (£35.2m).

Operating profit amounted to £39.4m (£34.4m) analysed as to own brand distribution to industry £35.2m (£31.5m), distribution to retail £1.9m (£1.1m), franchised component distribution £1.9m (£600,000), computer and peripheral distribution £400,000 (£1.2m), less discontinued business £400,000 (nil).

Mr Tony Chubb said the group's market place remained highly competitive but he was optimistic for the future and continued to explore expansion opportunities in the UK and overseas.

The dividend for the year is to be raised from 6.25p to 7.4p net, the final being 5.2p. Shareholders will also receive a 1-for-1 scrip issue. Earnings for the year worked through at 25.5p (20.6p).

Mr Chubb said operations serving the UK sector were strengthened by the acquisition of WM Lighting in January that had been integrated swiftly. Pact International recorded a much improved performance.

RS Components continued to advance and achieved satisfactory growth in sales and profits.

RR Electronics and Online improved. The German operation achieved a satisfactory performance despite the more difficult market conditions which developed during the second half.

Activities in the US were substantially reorganised and strengthened. Lowell Systems was closed and costs of £500,000 treated as extraordinary.

During the year cash generated was £8.5m, and at March 31 net cash balances totalled £7m.

### • comment

Yesterday was a bad day to be producing results, especially when the figures were accompanied by a chairman's statement widely seen as cautious, and Electrocomponents' shares fell 22p to 483p with pre-election wobblies much in evidence. Given the 25 per cent compound earnings growth over the last five years, this seems a churlish reaction but analysts do appear agreed that this growth rate is not going to be maintained. Forecasts suggest that 1987-88 will see between 16 and 20 per cent added to earnings per share. RS, the core business, has added 1,800 items to its mail order catalogue but could struggle to hold operating margins over 23 per cent. Overall, Electrocomp. widely viewed as the best company in its sub-sector, will be investing fairly heavily this year, installing its central computer system and launching a greatly expanded German operation. In a year or two's time this spending will contribute to growth but until then even a single point premium to the market's prospective of 15½ (to March 1988) will be hard to justify.

## TR North America net assets rise

TR North America Investment Trust, which has 94 per cent of its assets invested in North America, increased its net asset value per share by 7.8 per cent over the past year to stand at 130p (120.5p) at the March 31 year end.

Total revenue for the year was down 10.1 per cent from £3.15m to £2.83m which was largely caused by the effect on the dollar income of the depreciation of the US dollar.

An increase of 22.2 per cent to £2.21m (£1.81m) in revenue before tax was due to the considerable reduction in the amount of interest payable for the year following the repayment in March 1986 of the multi-currency loan. This had the effect of halving the total expenses for the year from £1.3m to £0.6m.

Taxation, including overseas of £240,760 (£292,397), was £760,943 (£711,074) leaving earnings per share up by 32.5 per cent to 2.24p (1.69p). The final dividend is raised from 1.325p to 1.5p making a total of 2p (1.825p).

NORTH WEST Exploration: Turnover £788 (£2,278) and cost of sales £1,579 (£469) for 1986. Loss for year £82,143 (£67,778). Loss per share 1.1p (0.9p).

## Cronite in double purchase

Cronite Group, with interests in alloys, steels and foundries, has conditionally agreed to acquire two companies, Action Hose Couplings and Dowty Precision Castings, for a total £5.5m including associated expenses.

Consideration will be financed via a conditional placing of 5,913,978 new ordinary shares at 93p with a number of institutions. Cronite shareholders and debenture stockholders will have the right to acquire these shares under "clawback" arrangements provided by Kleinwort Benson, on the basis of 57 new ordinary for every 100 held. Debenture holders are offered 153 new ordinary for every £100 nominal held.

Cronite directors believe the proposed acquisitions will make a significant contribution to the group's level of trading and strengthen its balance sheet.

Consideration for Action Hose amounts to £3.88m and that of Dowty Prevision £1. For the latter a sum not in excess of £810,000 will be used to settle an inter-company loan from the Dowty Group. Estimated expenses of reorganisation and relocation of the company were put at £350,000.

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# FT LAW REPORTS

## Pre-trial apportionment of Opren costs is valid

Court of Appeal. (Sir John Donaldson, Master of the Rolls, Lord Justice Lloyd and Lord Justice Balcombe): June 3 1987

DAVIES v ELI LILLY & CO AND OTHERS

A COURT has power to make an order for apportionment of costs before trial of the action.

The Court of Appeal so held when dismissing an appeal by the plaintiff, Mr Joseph Owen Davies, from Mr Justice Hirst's decision *(FT May 12 1987)* that the costs of lead cases in proceedings by 1,500 plaintiffs against Eli Lilly Group and the Government, should be apportioned equally among all the plaintiffs.

SIR JOHN DONALDSON, MR said that there were some 1,500 plaintiffs in the Opren case. The cost of the litigation would be extremely high for them and *for the defendants.*

No individual plaintiff going it alone, even if successful could expect to derive any benefit, because the irrecoverable costs would exceed the amount of damages he would be awarded. The defendants if successful could never expect even to begin to recover the costs incurred in defending an *isolated claim.*

The concept of the "class action" *was as yet unknown to* English courts. In the US, where a large number of plaintiffs made related claims against the same defendant, special procedures enabled all claims to be disposed of in a single action. *Clearly this was something which must be looked at by the appropriate English* authorities. Meanwhile the *courts must be as flexible and* adaptable as possible in apply*ing existing procedures* with a view to reaching a decision *quickly.*

At an early stage it was *realised that one essential* requirement for achieving that result was that a nominated judge should take charge of all the interlocutory applications which were necessary before the actions could be tried.

Mr Justice Hirst was nominated for that purpose. With his assistance and under his guidance considerable progress had been made. Arrangements had been made for "lead *actions" to be selected which* raised common issues. Those actions would be heard first, thus settling the issues for the benefit of all.

Naturally no individual plaintiff wanted to undertake the burden, including the costs of the lead actions. So unfair would that burden be that consideration was given to how, *within the powers and procedures of the court, the costs of* lead *actions could be taken off* the shoulders of plaintiffs in whose names they were brought.

One thought was that the lead *actions should be chosen with* an eye to legally-aided nil-*contribution plaintiffs. In that* way, it was thought, the whole *cost of the lead actions could be* transferred to the state in the *form of the legal aid fund.*

For a successful plaintiff the legal aid fund provided a loan, not a grant, to the extent that his damages were sufficient to repay the loan. If he succeeded in recovering more damages than it cost to recover them he would be in no better position than an unassisted litigant.

Under a scheme whereby lead plaintiffs were chosen from those who were legally aided with nil contributions, none of them would get compensation. Anything which the defendants were ordered to pay in respect *of damages, costs and interest* would be totally absorbed in paying those plaintiffs' costs.

That would be a grossly unfair situation and the judge quite rightly refused to agree to it.

A further technical obstacle was that using legally aided plaintiffs to fight lead cases would breach the rule in section *7 (6) of the Legal Aid Act 1974* that the fact that a person re*ceived legal aid should not* affect the principles on which *the court's discretion* was normally exercised.

In those circumstances Mr Justice Hirst decided to make a novel order. Its effect was that as from June 8 1987, where plaintiffs incurred costs personally or through the legal aid fund in pursuing lead actions, or became liable to pay costs to the defendants, every other plaintiff should contribute rateably on a per capita basis.

*The judge gave all parties* liberty to apply to vary the *order if circumstances* changed, and stressed that his order in no way fettered the discretion of the trial judge to make special orders as to costs.

In *Aiden Shipping [1986] 1 AC 965* the House of Lords decided that section 51 of the Supreme Court Act 1981 gave the court the widest possible discretion to order anyone to pay costs incurred in proceedings, even if he was not a party.

That was subject to two provisos — *that the order* was fair and could be justified as *an exercise of judicial discre*tion; and that there was nothing in the Rules of the Supreme Court which prevented such an order being made.

It was on the second proviso that Mr Blom-Cooper for the plaintiffs relied. He submitted that RSC Order 62 rule (3) (3) prohibited a court from making an order in relation to costs not incurred.

He said a judge had complete discretion *once* the costs had been incurred, and at a much *earlier stage he might* give audible warning of his approach. But he must never make an actual order, even if *he reserved the right to vary* it in the light of changed cir*cumstances* and *further argu*ment.

That was not right. Order 62 rule (3) (3) provided that if the court in the exercise of its discretion saw fit to make an order for costs "the court shall order the costs to follow the event, *except when it* appears to the court that some *other order should be made."*

Mr Blom-Cooper almost *accepted that the rule viewed* in isolation meant no more than that the normal order for costs was that he who won had his costs paid by the other side. That was what "follow the event" meant.

But he said, if the origin of the rule was traced back over a century the (Supreme Court of Judicature Act 1875, First Schedule Order 55), provided that in a jury action costs should "follow the event, unless upon application made at the trial . . . *the judge . . . shall otherwise* order."

Under that rule clearly an application for an order for costs *and thus the order itself* could not be made before the *beginning of the trial.* Mr Blom-Cooper said that revealed the true meaning of "costs shall follow the event."

The argument was as ingenious as it was unsound. In both rules "follow the event" had the same meaning—"according to who wins."

The difference between the rules lay in the fact that the 1875 rule, unlike the current rule, referred to an application *made at the trial.*

Not only could Mr Justice Hirst's order not be faulted, but he was to be congratulated *on producing a very fair* and workable order in a novel and *highly complex situation.*

If he had given no indication *of his thinking* on costs and had refused to make any order, no *plaintiff* could have made any assessment of his potential lia*bility. If he had merely given* an indication of his thinking, *the plaintiffs* would have had no order under which they could appeal.

The real problem was that in any claim it could happen that it would cost too much to *enforce*—costs would be out of proportion to any likely benefit. Maybe the perfect legal system would get over that problem but the English *system* had not yet done so. The appeal should be dismissed.

LORD JUSTICE LLOYD agree*ing said tha tthe solution* proposed by Mr Justice Hirst that costs of the lead *actions should* be borne equally was fairest to all parties. Some such order was inevitable.

RSC Order 62 (3)(3) read as a whole was dealing with the manner in which the discretion to order costs was to be exercised, not the time. There was nothing in the Order to prohibit the making of an order for costs at an early stage. The words had no temporal significance.

LORD JUSTICE BALCOMBE also agreeing *said that Order* 62 (3)(3) was not concerned with the time when an order for costs should be made, but the way in which those costs were apportioned.

*For the plaintiffs: Louis Blom-Cooper, QC, and Oliver Thorold (Pannone Napier, Sheffield).*

*For the Lilly defendants: Jonathan Playford, QC, Michael Spencer and Andrew Prynne (Davies Arnold and Cooper).*

*For the government defendants: Justin Fenwick (Treasury Solicitor).*

*For the Law Society: Duncan Matheson.*

*Amicus curiae: George Pulman.*

**By Rachel Davies**
*Barrister*

# Exxon set to develop West Coast field

By Louise Kehoe in San Francisco

EXXON CORPORATION is set to begin a $2.5bn to $3bn development of a major offshore oil and gas field in southern California, following an agreement reached this week with Santa Barbara county officials on air pollution issues.

The massive offshore reserves are believed to be the largest in the US outside Alaska. The 91,000-acre Santa Ynez oil and gas field is said to hold 400m barrels of crude oil and 600bn to 700bn standard cubic feet of natural gas beneath the ocean some seven to nine miles off the Santa Barbara coast.

Development of the rich energy source has been held up by a longstanding dispute between Exxon and local authorities over potential air pollution problems from diesel and natural gas generators on oil drilling platforms.

Local environmentalists opposed the development, but it was strongly supported by the Reagan Administration which has been pushing for rapid development of US reserves to reduce dependence on foreign supplies.

Some regulatory hurdles remain to be overcome, but both county and Exxon officials agree that these should not present any significant obstacle to the development.

Exxon is understood to have agreed to construct a 49-megawatt electric power plant to supply three large oil platforms that it plans to construct. Site preparation could begin as early as the end of this year and work on two of the drilling platforms is expected to start in 1989. Production is projected to begin in 1992.

# Opec president visits Norway

By Karen Fossli in Oslo

MR RILWANU LUKMAN, president of Opec, yesterday met Mr Arne Oeien, the Norwegian Energy Minister, to seek further support for Opec measures to prop up oil prices.

Mr Oeien said he "would not be surprised if we continue our efforts" to support Opec — but added that no decision would be made until after the Opec meeting in Vienna on June 25.

Mr Lukman said he saw "no major obstacle" that would prevent Opec from reaching agreement on oil prices and production at the Vienna meeting.

Norway has supported Opec since February by imposing a domestic production cut of 7.5 per cent. The country's production quota is up for review by the Government in June.

Mr Oeien said Norway had no intention of joining Opec—but it was in the country's interest to support the group.

# Energy agency says oil demand growth slowing

BY LUCY KELLAWAY

THE GROWTH in oil demand has slowed sharply this year, and by the end of this month demand will be lower than at the same time last year, according to the International Energy Agency.

In its latest monthly oil report, the Paris-based body says that OECD oil consumption, which was up 1 per cent in the first three months of the year, will show a slight fall during the second quarter on an annual basis.

The bulk of the decline will be felt in Europe, where the large building of stocks of heating oil last year have not been repeated. There have also been declines in consumption of heavy fuel oil in response to the rise in oil prices, while in the US demand for gasoline has flattened out.

For the year as a whole, the agency forecasts a rise in demand of 1 per cent, less than half lest year's increase. However it warns that this forecast could be thrown off if consumers start to rebuild stocks.

The agency's figures show that oil stocks, which rose sharply last year in response to the fall in oil prices, have been drawn down rapidly this year. After an expected stockdraw of 600,000 barrels a day in the second quarter, company stocks by July 1 are expected to account for only 72 days of consumption compared with 76 days a year earlier.

Oil production is likely to show a rise in the second quarter, as a result of higher production from Opec members, the IEA says. It estimates that in the three months to June Opec produced 16.6m barrels a day, nearly 1m barrels more than in the first quarter, and roughly in line with its official quota of 15.8m b/d.

# Chicago exchange steps up fight against abuses

BY DAVID OWEN IN CHICAGO

THE CHICAGO Mercantile Exchange, the world's second largest futures exchange, this week approved a new package of sanctions against floor trading abuses, including hefty increases in the maximum fines for traders found guilty of breaking exchange regulations.

The move is part of a continuing effort by the exchange to tighten up its self-policing standards in the face of mounting complaints about the quality of customer order execution, particularly in its busy stock index futures and options pits.

Under the package, which requires approval by the Commodity Futures Trading Commission (US futures industry watchdog), those found guilty of a major offence may be fined up to $250,000 plus any profit accruing from the illicit trade. This compares with a current ceiling of $50,000. Violators will still face possible expulsion or suspension.

Minor offenders, meanwhile will be subject to a maximum penalty of $25,000 plus illicit profits, up from $5,000 at present.

Exchange officials gave as examples of "major" offences "unexcused failure to produce books or records required by exchange staff," or "unexcused failure to appear at a scheduled staff interview."

In addition, the exchange plans to assign four compliance investigators to observe trading floor activities at all times.

Currently, such checks are conducted at random.

According to Mr Leo Melamed, chairman of the CME executive committee, "the stronger sanctions are a necessary element in maintaining public confidence in CMA markets."

"Tough and efficient surveillance procedures are also necessary to ensure the success of CME financial markets," Mr Melamed added.

Meanwhile, a further package of reforms, endorsed by exchange members in April and designed primarily to curb but not eliminate the time-honoured practice of dual trading, is expected to be implemented on June 22.

# Higher Soviet grain imports forecast

By Richard Mooney

THE INTERNATIONAL Wheat Council has raised its estimate of 1986-87 Soviet grain imports to 31m tonnes from the 29m it was estimating at the end of April. For 1987-88 it expects the figure to rise to 35m tonnes.

In its latest Market Report the IWC also raises its estimate of 1986-87 world consumption of wheat and coarse grains by 10m tonnes to 1,325m, while keeping the production estimate at 1,385m tonnes.

For 1987-88 it projects that grain production will fall back to 1,339m tonnes, while forecasting that consumption will maintain its upward trend, reaching 1,342m tonnes. It expects world trade in wheat to rise by 5m tonnes in 1987-88 to 93m tonnes, with coarse grains trade advancing by 2m tonnes to 90m.

The IWC attributes the increase in the Soviet imports figure chiefly to sales under the US export enhancement programme. It says a severe winter, followed by the latest spring since 1955 is likely to limit Soviet production to 200m tonnes, compared with an official target of 232m tonnes.

# Argentine sunflower seed crop down

BY TIM COONE IN BUENOS AIRES

THE LATEST estimates of 1987 Argentine sunflower seed production indicate a drop of 41 per cent on last year's level.

According to a specialist at the Argentine Cereals Exchange, the principal grain trading body in the country, this year's harvest is likely to reach only 2.2m tonnes, down from 4.1m tonnes in 1986.

He said the reasons for the fall were low yields—resulting from poor climatic conditions, especially during the harvest which is just drawing to a close—and a sharp drop in sowings in the second half of last year, because of low international prices. In addition the previous season had been a record one with over 3.1m hectares sown, making the fall in the 1986/87 harvest much sharper.

As a result, the National Grain Board estimates that sunflower seed exports will be sharply down this year to about 100,000 tonnes, from 524,000 last year. Principal buyers last year were Mexico (235,000 tonnes), Portugal (93,000), the EEC (73,000) and Bulgaria (55,000).

A sharp fall can also be expected in oil exports. The bulk of the crop is usually pressed in Argentina and exported as oil and cattle feed. Sunflower oil production last year was 1.4m tonnes of which 950,000 tonnes was exported, major buyers being Egypt (153,000), the EC (149,000), Algeria (116,000), South Africa (100,000) and Cuba (89,000).

About half of this year's output can be expected to be absorbed by the local market, leaving some up to 500,000 tonnes for export.

Local prices for the crop have picked up in recent weeks, and although there is not expected to be a return to the record levels of 1985/86, experts believe that sowings for the 1987/88 crop will exceed the 1.9m hectares planted last season.

Argentina is a leading world producer of sunflower seeds. Total world production last year amounted to some 19m tonnes. With a major part of Argentina's crop being exported, either as seed or extracted oil, fluctuations in Argentine output have important influences on the international market.

Bernard Simon studies the Red Dog zinc project

# Enlightened exploitation in Alaska

A RARE co-operative effort between big business, government, and a remote community is about to transform a hilly stretch of permafrost in north west Alaska into the world's richest zinc mine.

If the present harmony between the principal players can be sustained, the Red Dog mine may emerge, when it starts production in 1990, as a model for the enlightened exploitation of natural resources in politically and environmentally sensitive surroundings.

The US$420m project has so far escaped most of the ecological, political and financial controversies which dogged the development of Alaska's North Slope oilfields, and many other energy and mining projects in other parts of the world. Energy companies, conservationists and the US Government are locked in a bitter dispute over the proposed expansion of oilfields along Alaska's northern coast.

## Environmental protection

The atmosphere at Red Dog is different. "At very low incremental cost, all sides have greatly increased the number of winners," says Mr John Rense, Vice-president for resources of NANA Regional Corporation, the Eskimo-owned co-operative which owns the land 120 miles north of the Arctic Circle where construction of the mine will start next month.

Mr Richard Stenmark, deputy director of the US national parks service in Anchorage, which is concerned with environmental protection in the vicinity of the new mine, adds that "the principals have at least indicated a desire to do this right."

Red Dog is also to become a striking example of a new trend in the international mining industry. The mine vividly demonstrates the competitive edge likely to accrue to those companies far-sighted enough to pool their resources.

It will be operated by Vancouver-based Cominco, which is already the world's leading lead and zinc producer. A three-nation consortium, comprised of Teck Corporation of Vancouver, West Germany's Metallgesellschaft and MIM Holdings of Australia, bought control of Cominco last October from Canadian Pacific, the conservative Montreal-based communications and resources conglomerate.

Thanks to high ore grades and large volumes, Red Dog will be among the world's lowest cost zinc mines, with a breakeven point (including financing costs) of 33 US cents a lb. Cash costs will be around 26 cents a lb.

Production will reach 2.1m tonnes of ore a year, comprising 560,000 tonnes of zinc and 110,000 tonnes of lead concentrates.

The project might not be going ahead now were it not for last year's change in ownership at Cominco.

Mr Hank Giegerich, president of Cominco's Alaska subsidiary, says "CP wasn't comfortable with the ups and down of metal prices," and the new controlling group" has a better understanding of what we're trying to do." In addition, the recent upturn in world zinc prices to around 45 cents a lb from 36 cents a year ago, has spurred enthusiasm for the project.

Cominco and its shareholders have been able to realise their ambitions as a result of a coincidental convergence of interests among the three key participants in the Red Dog project.

Mr Bertram Wagnon, executive director of the Alaska Industrial Development Authority, which will finance one-third of the project, says that "the economics are right, and that has spilled over into the relationship between Cominco and Nana."

With Alaska's economy 85 per cent dependent on oil, the slump in energy prices has also awakened the state government to the need for diversification. According to Mr Giegerich, the authorities' attitude towards the Red Dog development has changed markedly over the past few years.


The mine will pay an estimated $900m in taxes and fees to the state over its 50-year life. It will also inject about $100m a year into the local economy, largely in the form of 400 jobs.

Seven years ago, Cominco and NANA were at loggerheads over the ownership of the Red Dog deposit. The Canadian company's claim was effectively quashed in late 1980 by the passage through Congress of the Alaska National Interest Land Conservation Act, which gave NANA and 11 other eskimo-owned regional corporations undisputed ownership of 44m acres of land in the state, including the Red Dog site.

NANA then opened negotiations with several companies, including Cominco and Kennecott, the US group, to build and operate the mine.

The Canadians played their trump card just two months after the land conservation law was passed by inviting half a dozen NANA leaders to visit its four existing high arctic mines in Canada and Greenland.

Mr William Hensley, NANA's president, says that Cominco "saw the wisdom of trying to work with us."

The eskimo villages around Red Dog are—like many others in the Arctic—grappling with high unemployment, alcoholism and other severe social problems caused by the imposition of a materialistic, consumer-oriented society's values on a fragile subsistence economy.

NANA's leaders, who combine a keen business acumen with a deep sense of social responsibility, have insisted that development of the mine should take account of the traditional way of life in neighbouring communities.

Cominco has made several unusual concessions to NANA's concerns. A "subsistence committee" composed of elders from nearby villages will have the authority to halt operations at Red Dog for three weeks at a time if trucks moving between the mine and the port disrupt the annual migration of Caribou herds through the area.

At least half the workers on the mine will be locals, with the proportion rising close to 100 per cent within 12 years.

## Decisive role

With its demands met, NANA has thrown its weight behind Cominco's efforts to get the project off the ground. The native corporation has played a decisive role in getting Congress to authorise construction of a 54-mile road from the mine to a port on the Chuckchi Sea.

The biggest test for the participants in Red Dog may come only when construction proceeds and the mine opens in three years time.

A precipitous drop in zinc prices is the major risk for Cominco. NANA officials concede that they are entering uncharted territory as the arrival of construction crews and the spreading influence of television put further strain on the social fabric of a remote arctic community.

# LONDON MARKETS

COCOA prices dipped to fresh four-year lows on the London futures market yesterday before recovering somewhat towards the close. Pressure from liquidation of earlier speculative purchases pushed prices downwards, triggering stop-loss selling orders, and the September position slipped to £1,324 a tonne at one time. The price finished at £1,231 a tonne, however, down £16 on the day. Traders again shrugged off further buying by the International Cocoa Organisation's buffer stock manager. Support buying began more than two weeks ago but has so far shown no sign of lifting the market above the "must buy" trigger level. This is set at 1,600 special drawing rights a tonne, based on the Organisation's 10-day average indicator price, which was calculated yesterday at 1,542.10 SDRs a tonne, down 6.77 from Wednesday's level. Yesterday's purchase of 3,000 tonnes of cocoa beans on the second hand market, took the buffer stock manager's purchases so far to 32,000 tonnes.

LME prices supplied by Amalgamated Metal Trading.

## ALUMINIUM

| 99.7% purity | Unofficial close (p.m.) $ per tonne | + or — | High / Low |
|---|---|---|---|
| Cash | — | | |
| 3 months | 1,534-35 | —1 | 1,538/1,53 |

Official closing (am): Cash ——— (———), three months 1,533-35 (1,537-9), settlement ——— (———). Final Kerb close: 1,532-35. Turnover: 1,600 tonnes.

| 99.5% purity | £ per tonne | | |
|---|---|---|---|
| Cash | 893-4 | +2.5 | 893/892 |
| 3 months | 872-3 | +6 | 874/870 |

Official closing (am): Cash 892-2.5 (891-2), three months 869-70 (867-7.5), settlement 892.5 (892). Final Kerb close: 874-4.5. Turnover: 14,375 tonnes.

## COPPER

| Grade A | Unoffic'l close £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 946-7 | +6 | 944/948 |
| 3 months | 926-7 | +8.75 | 931/920 |

Official closing (am): Cash 942.5-3 (946-6.5), three months 923-3.5 (922.5-3), settlement 943 (946.5). Final Kerb close: 930-31.

| Standard | | | |
|---|---|---|---|
| Cash | 926-7 | +24.5 | — |
| 3 months | 815-5 | +20 | 899.5 |

Official closing (am): Cash 910-11 (907-10), three months 899-9.5 (897-900), settlement 911 (910). US Producer prices 72-76 cents a pound. Total Turnover: 56,200 tonnes.

## LEAD

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 388-9 | (—) | 397/388 |
| 3 months | 363-3.5 | +1.75 | 367/358 |

Official closing (am): Cash 387-8 (387-90), three months 362-3 (359-60), settlement 388 (390). Final Kerb close: 364-65. Turnover: 10,725 tonnes. US Spot: 24-37 cents a pound.

## NICKEL

| | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 2660-70 | +27 | — |
| 3 months | 2686-95 | +27.5 | 2710/2650 |

Official closing (am): Cash 2,680-90 (2,645-55), three months 2,708-9 (2,658-62), settlement 2,690 (2,655). Final Kerb close: 2,690-95. Turnover: 1,410 tonnes.

## ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or — | High/Low |
|---|---|---|---|
| Cash | 519-20 | —1.5 | 522 |
| 3 months | 514-5 | —1.5 | 523/515 |

Official closing (am): Cash 522-3 (519-21), three months 516-7 (515-6), settlement 523 (521). Final Kerb close: 522-3. Turnover: 7,500 tonnes. US Prime Western: 41.5-45.75 cents a pound.

LONDON METAL EXCHANGE TRADED OPTIONS

| | Strike Price $/tonne | Calls Nov. | Puts Nov. |
|---|---|---|---|
| Aluminium 99.7% | — | — | — |

| | | Calls July | Calls Sept. | Puts July | Puts Sept. |
|---|---|---|---|---|---|
| Aluminium 99.5% | 1,400 | — | — | 20½ | 53½ |
| | 1,425 | 54 | 46 | 30 | 67 |
| | 1,450 | 40 | 36½ | — | — |
| Copper (Grade A) | 1,475 | — | — | 15 | 27 |
| | 1,500 | 38 | 41 | 24 | 38 |
| | 1,525 | 27 | 30 | — | — |
| Copper (Grade A) £/tonne | 900 | — | — | 7 | 14 |
| | 925 | 26 | 29 | 16 | 26 |
| | 950 | 16 | 20½ | — | — |

Estimates.

## GOLD

| GOLD BULLION (fine ounce) | June 4 | |
|---|---|---|
| Close | $451¼-452¼ | (£277⅝-278¼) |
| Opening | $448¾-449¼ | (£275½-276¼) |
| M'n'g fix | $450.25 | (£276.651) |
| Aft'n'n fix | $458.75 | (£278.068) |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | $465-470 | (£286¼-289½) |
| Mapleleaf | $465½-468½ | (£286¾-288½) |
| Kr'g'rnd | $455-458 | (£280¼-282) |
| ½ Krug | $237-238 | (£146-146½) |
| ¼ Krug | $118½-119½ | (£73-73½) |
| Angel | $462½-465½ | (£284¾-286¾) |
| 1/10 Angel | $44¼-49¼ | (£27½-30¼) |
| New Sov. | $106½-107½ | (£65½-66¼) |
| Old Sov. | $106½-108 | (£65½-66½) |
| Noble Plat | $587-597 | (£361½-367½) |

## RUBBER

PHYSICALS — The London market opened steadier, attracted good interest throughout the day and closed on a steady and uncertain note, reports Lewis and Peat. Closing prices (buyers): Spot 65.25p (64.50p); July 65.25p (64.25p); Aug 65.00p (64.00p). Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No 1 246.5 (243.5); SMR 20 209.0.

## INDICES

### REUTERS

| June 3 | June 2 | M'th ago | Year ago |
|---|---|---|---|
| 1611.5 | 1617.9 | 1575.5 | 1755.4 |

(Base: September 18 1931=100)

### DOW JONES

| Dow Jones | June 3 | June 2 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 128.22 | 128.43 | — | 125.51 |
| Fut | 125.63 | 126.11 | — | 114.57 |

(Base: December 31 1931=100)

## MAIN PRICE CHANGES

| | June 4 1987 | + or — | Month ago |
|---|---|---|---|
| METALS | | | |
| Aluminium | | | |
| Free Market | $1565/585 | —20 | $1455.455 |
| Copper | | | |
| Cash Grade A | £946.5 | +6 | £892.5 |
| 3 months | £926.5 | +8.75 | £872.5 |
| Gold Troy oz | $453 | +0.75 | $458.5 |
| Lead Cash | £387 | | £402.5 |
| 3 months | £363.25 | +1.75 | £352.75 |
| Nickel | | | |
| Free Mkt. | 198 216c | +0.5 | 208 228c |
| Palladium oz | $140.25 | —1.25 | $146.25 |
| Platinum oz | $574.25 | —4.75 | $616.75 |
| Quicksilver† | $260 270 | | $255/265 |
| Silver troy oz | 469.25p | +2.00 | 481.30p |
| 3 months | 479.55p | +1.95 | 491.65p |
| Tin | | | |
| free Mkt. | £4160/190 | +40 | £4100.140 |
| Tungsten | $68.16 | +6.59 | $46.93 |
| Wolfram 22.0lb | $48 55 | | $50.55 |
| Zinc | £519.5 | —1.5 | £501.25 |
| 3 months | £514.5 | —1.5 | £499.25 |
| producers | $830 | | $798/830 |
| OILS | | | |
| Coconut (Phil) | $425z | | $405 |
| Palm Malayan | $340v | | $337.5 |
| Seeds | | | |
| Copra (Phil) | $280v | | $270 |
| Soyabean (U.S.) | $155 | +5 | $143 |
| GRAINS | | | |
| Barley Fut. Sept | £97.90 | +0.50 | £99.00 |
| Maize | £150.50 | | £145.00 |
| Wheat Fut. Sept | £99.90 | +0.20 | £123.40 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| OTHERS | | | |
| Cocoa Ft. Sept | £1250.5 | —16 | £1289.5 |
| Coffee Ft. Sept | £1341 | +12 | £1297.5 |
| Cotton A Ind.* | 75.90c | +0.8 | 71.90c |
| Gas Oil July | $154.25 | —0.25 | $154 |
| Rubber (kilo) | 65.25p | +0.75 | 60.5p |
| Sugar (raw) | $168.4z | +0.8 | $178.5 |
| Wooltops 64s | 469p kilo | | 465p kilo |

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v July. z June/July. x July/Aug.

## SILVER

Silver was fixed 2p an ounce higher for spot delivery in the London bullion market yesterday at 469.25p. US cent equivalents of the fixing levels were: Spot 753c, down 4.1c; three-month 776.75c, down 4.6c; six-month 790.35c, down 4.55c; and 12-month 818.85c, down 4.55c. The metal opened at 465-469p (757-762c) and closed at 470-474p (755-770c).

| SILVER per troy oz | Bullion Fixing Price | + or — | L.M.E. p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 469.25p | +2.00 | 471p | +6 |
| 3 months | 479.55p | +1.95 | 481p | +5 |
| 6 months | 489.15p | +2.65 | — | — |
| 12 months | 508.05p | +2.60 | — | — |

LME—Turnover: 5 (nil) lots of 10,000 ounces.

Three months high/low 476p, final kerb 480-5p.

## COFFEE

Robustas opened steadier with light commission house buying, reports Drexel Burnham Lambert. Early gains were limited with overhead selling easing the market, which continued to drift following a weak New York opening. Scale-down price-fixing supported the market and provided a platform for a late commission house rally to the highs of the day.

| COFFEE | Yesterday close | + or — | Business done |
|---|---|---|---|
| July | 1320-1322 | +11.5 | 1332-1296 |
| Sept | 1340-1342 | +12.0 | 1342-1323 |
| Nov. | 1360-1365 | +10.5 | 1365-1346 |
| Jan | 1385-1380 | +11.0 | 1386-1368 |
| Mar. | 1392-1400 | +2.5 | 1405-1389 |
| May | 1410-1420 | +5.0 | 1420-1410 |
| July | 1420-1450 | —12.5 | — |

Sales: 3,692 (2,951) lots of 5 tonnes. ICO indicator prices (US cents per pound) for June 3: Comp. daily 1979 105.12 (105.74): 15-day average 111.13 (111.57).

## COCOA

Futures traded at new life-of-contract lows and lost £25 before recovering slightly near the close. The buffer stock manager again purchased 3,000 tonnes and some light consumer interest was also noted, reports Gill and Duffus.

| | Yesterday's close £ per tonne | + or — | Business done |
|---|---|---|---|
| July | 1234-1235 | —12.0 | 1250-1228 |
| Sept | 1230-1231 | —16.0 | 1247-1224 |
| Dec | 1258-1259 | —16.0 | 1268-1259 |
| March | 1285-1287 | —16.0 | 1300-1277 |
| May | 1307-1308 | —14.0 | 1320-1297 |
| July | 1325-1327 | —14.5 | 1328-1316 |
| Sept | 1345-1346 | —12.5 | 1356-1340 |

Sales: 7,023 (3,486) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for June 4: 1,497.69 (1,527.00): 10-day average for June 5: 1,542.10 (1,548.87).

## FREIGHT FUTURES

Stop-loss buying on recent short positions lifted the market to the highs early in the morning. The BFI was again sharply lower causing the market to fall. Gulf/Japan was reported lower at $15.00 and a further sell-off was instigated, triggering sell stops for the market to close on the lows of the day, reports Clarkson Wolff.

| | Close | High/Low | Prev. |
|---|---|---|---|
| Dry Cargo | | | |
| July | 838 | 896/870 | 875 |
| Oct. | 890 | 941/890 | 935 |
| Jan. | 880-920 | 924.5/921.5 | 935 |
| Apr. | 980 | — | 980 |
| July | 870 | — | 870 |
| Oct. | 950 | — | 920 |
| Jan. | 920 | — | 920 |
| April | 1020 | — | 1020 |
| BFI. | 1015 | | 1024.5 |

Turnover: 758 (643).

## GRAINS

Old crop wheat rallied sharply, reversing the previous day's trend, but at £1 up found commission house and shipper selling pressure to almost return to unchanged levels. New crops emphasised the nervous market trend by firming on shipper profit-taking after an early sell-off, reports T. G. Roddick.

| Mnth | WHEAT Yest'rdy's close | + or — | BARLEY Yest'rdy's close | + or — |
|---|---|---|---|---|
| July | 117.30 | +0.15 | — | — |
| Sep. | 99.90 | +0.20 | 97.90 | +0.50 |
| Nov. | 103.30 | -0.10 | 100.55 | +0.15 |
| Jan. | 104.85 | +0.15 | 102.75 | +0.15 |
| Mar. | 107.30 | +0.10 | 105.20 | +0.05 |
| May | 110.00 | +0.15 | 106.60 | +0.05 |
| July | 112.05 | — | — | — |

Business done—Wheat: July 118.25-7.30, Sept 99.80-9.50, Nov 102.30-1.90, Jan 104.55-4.40, March 107.30-7.00, May 109.88, July 112.05-1.95. Sales: 234 lots of 100 tonnes. Barley: Sept 97.80-7.60, Nov 100.75-0.10, Jan 102.70-2.60, March 105.25, May untraded. Sales: 44 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Hard Winter 13½ per cent: June 95.55, July/Aug 95.00. US No 2 Soft Red Winter: June 92.75, July 92.25, Aug 93.00. French 11½-12 per cent: June 143.00. English feed, fob: June 118.50-119.00, Sept 101.75-102.00 buyer/sellers, Oct/Dec 105.00 buyer, Jan/March 108.50-110.00 buyer/sellers. Maize: US No 3 Yellow / French, transhipment East Coast: Spot 150.50. Barley: English feed, fob: June 108.50, Aug 100.00, Sept 101.00 sellers, Oct/Dec 104.00, Jan/March 108.00 buyers.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 104.40, N. West 105.80. The UK monetary coefficient for the week beginning Monday June 8 will remain unchanged.

## POTATOES

The market opened unchanged before drifting lower in thin volume to close £2.80 down, basis April. Sentiment was again influenced by wet weather forecasts and the effect this could have on earlies bulking, prices and marketing and the prospects for opening of the main crop season, reports Coley and Harper.

| Month | Yesterday's close £ per tonne | Previous close | Business done |
|---|---|---|---|
| Nov | 93.70 | 93.90 | 93.50 |
| Feb. | 102.00 | 102.00 | — |
| Apr. | 130.60 | 133.40 | 134.80-130.50 |
| May | 145.50 | 147.50 | |

Sales: 341 (476) lots of 40 tonnes.

## SOYABEAN MEAL

The market was firm throughout the day on good commercial buying and professional short-covering. Heavy option hedge selling and speculative profit-taking kept prices in check, reports Muirpace.

| | Yesterd'ys close £ per tonne | + or — | Business done |
|---|---|---|---|
| June | 133.0-136.0 | +1.50 | — |
| August | 131.0-131.2 | +2.55 | 131.0-129.5 |
| October | 132.0-132.1 | +2.70 | 131.5-131.0 |
| Dec. | 133.0-133.2 | +1.60 | 133.0 |
| Feb. | 135.5-136.5 | +1.40 | 134.5 |
| April | 136.0-137.5 | +1.25 | — |
| June | 138.0-137.5 | +1.85 | — |

Sales: 968 (481) lots of 20 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar $168.40 (£103.40), up 80c (up £1.20) a tonne for June-July delivery. White sugar $181.00, down 40c.

| No. 6 Contract | Yest'day's close $ per tonne | Previous close | Business done |
|---|---|---|---|
| Aug | 146.8-147.0 | 148.4-148.8 | 148.6-146.8 |
| Oct. | 155.4-156.8 | 155.2-155.8 | 156.6-152.4 |
| Dec. | 156.0-157.8 | 158.4-159.4 | 159.6-159.8 |
| Mar. | 162.4-162.6 | 164.0-164.4 | 164.8-161.8 |
| May | 165.0-166.4 | 167.0-167.4 | 168.2 |
| Aug | 169.0-170.4 | 170.0-171.4 | — |
| Oct. | 170.0-171.6 | 172.5-173.8 | — |

Sales: 1,432 (1,289) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £207.50 (£206.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 3: Daily price 6.38 (6.36); 15-day average 6.65 (6.68).

PARIS—FFr per tonne): Aug 1108-1112, Oct 1133-1137, Dec 1148-1156, March 1188-1196, May 1225-1235, Aug 1251-1262.

## MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 99.08p per kg lw (—1.23). GB—Sheep 227.21p per kg est dcw (+2.50). GB—Pigs 81.19p per kg lw (+0.07).

## OIL

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—June‡ | | |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 17.15-17.25 | +0.05 |
| Brent Blend | 18.70-18.85 | —0.125 |
| W.T.I. (1pm est) | 19.85-19.90 | +0.15 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 198-201 | +1 |
| Gas Oil | 152-154 | +1.5 |
| Heavy fuel Oil | 106-108 | +2 |
| Naphtha | 170-172 | +1 |

* June

## GAS OIL FUTURES

| Month | Yest'rdy's close US$ per tonne | + or — | Business done |
|---|---|---|---|
| June | 153.75 | +0.25 | 153.75-53.75 |
| July | 154.25 | —0.25 | 156.75-54.25 |
| Aug | 156.75 | +0.50 | 158.75-58.75 |
| Sept | 158.50 | +0.25 | 160.50-58.50 |
| Oct | 162.50 | +2.00 | 162.50-62.00 |
| Nov | 164.25 | +1.75 | 164.25-63.75 |

Turnover: 4,039 (2,669) lots of 100 tonnes.

# US MARKETS

PRECIOUS METALS steadied on a combination of commission house and local buying, reports Drexel Burnham Lambert. Resistance at the highs came from trade selling and the market closed with pared gains. Copper rallied sharply on fund and local buying which touched off stops. Crude oil futures steadied on early trade buying which was superseded by local buying. Good resistance emerged at $20.00, basis July, as locals took profits. Coffee futures fell as commission house and computer selling touched off stops in the face of scale-down trade buying. Cocoa also eased under the influence of origin selling. Sugar initially fell following a bearish report on world stocks, but recovered on trade buying before trade selling at the highs eased prices back to mid-range. The grains were quiet but easier across the board. Good harvesting prospects depressed wheat futures, while easier premiums in maize futures and hedge selling by processors in the soyabean complex eased prices. The meats were all sharply higher as reports of a shortage of suply caused traders to cover shorts.

## NEW YORK

| ALUMINIUM 40,000 lb, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| June | 71.35 | 71.25 | | |
| July | 68.50 | 68.40 | 69.50 | 69.50 |
| August | 68.30 | 68.20 | — | — |
| Sept | 67.25 | 67.05 | — | — |
| Dec | 66.70 | 66.50 | — | — |
| Jan | 66.70 | 66.50 | — | — |
| March | 66.70 | 66.50 | — | — |
| May | 66.70 | 66.50 | — | — |

| COCOA 10 tonnes, $/tonnes | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 1818 | 1856 | 1830 | 1812 |
| Sept | 1850 | 1885 | 1860 | 1844 |
| Dec | 1886 | 1923 | 1897 | 1883 |
| March | 1916 | 1954 | 1933 | 1915 |
| May | 1943 | 1980 | 1952 | 1948 |
| July | 1965 | 2003 | 1980 | 1965 |
| Sept | 1994 | 2032 | 2016 | 2015 |

| COFFEE "C" 37,500 lb, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 110.93 | 113.75 | 112.90 | 110.25 |
| Sept | 112.42 | 114.87 | 114.25 | 112.20 |
| Dec | 113.90 | 116.19 | 116.60 | 113.75 |
| March | 115.00 | 118.00 | 117.00 | 115.00 |
| May | 116.76 | 118.75 | 118.10 | 117.25 |
| July | 118.00 | 120.03 | 120.00 | 118.00 |
| Sept | 118.01 | 120.03 | — | — |

| COPPER 25,000 lb, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| June | 69.75 | 68.40 | 69.80 | 69.80 |
| July | 69.75 | 68.40 | 69.90 | 67.85 |
| August | 68.70 | 67.50 | — | — |
| Sept | 67.65 | 66.65 | 67.80 | 68.35 |
| Dec | 67.40 | 66.30 | 67.40 | 66.40 |
| Jan | 67.30 | 66.20 | — | — |
| March | 67.10 | 66.00 | 67.10 | 66.10 |
| May | 67.15 | 66.05 | — | — |
| July | 67.20 | 66.10 | — | — |
| Sept | 67.25 | 66.15 | — | — |

| COTTON 50,000 lbs, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 73.95 | 71.95 | 73.95 | 73.33 |
| Oct | 71.48 | 69.48 | 71.48 | 69.75 |
| Dec | 70.83 | 68.83 | 70.83 | 69.12 |
| March | 71.30 | 69.30 | 71.30 | 69.90 |
| May | 71.60 | 70.03 | 71.60 | 70.90 |
| July | 71.95 | 70.20 | — | — |
| Oct | 68.20 | 66.20 | 68.20 | 67.00 |

| CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels | Latest | Prev | High | Low |
|---|---|---|---|---|
| July | 19.80 | 19.86 | 20.00 | 19.78 |
| August | 19.44 | 19.47 | 19.59 | 19.41 |
| Sept | 19.29 | 19.28 | 19.39 | 19.24 |
| Oct | 19.22 | 19.18 | 19.28 | 19.17 |
| Nov | 19.19 | 19.12 | 19.24 | 19.12 |
| Dec | 19.12 | 19.07 | 19.20 | 19.10 |
| Jan | 19.10 | 19.02 | 19.13 | 19.05 |
| Feb | 19.07 | 18.98 | 19.07 | 19.00 |
| March | 18.99 | 18.95 | 19.02 | 19.02 |
| April | 18.90 | 18.92 | — | — |

| GOLD 100 troy oz, $/troy oz | Close | Prev | High | Low |
|---|---|---|---|---|
| June | 453.1 | 450.2 | 455.0 | 450.0 |
| July | 455.1 | 452.4 | — | — |
| August | 458.2 | 455.5 | 460.4 | 464.5 |
| Oct | 463.6 | 460.9 | 465.4 | 460.3 |
| Dec | 469.0 | 466.3 | 471.5 | 465.0 |
| Feb | 475.1 | 472.4 | 476.5 | 472.0 |
| June | 487.5 | 484.8 | 488.0 | 488.0 |
| Oct | 500.8 | 498.1 | 501.0 | 501.0 |
| Dec | 507.5 | 504.8 | 506.5 | 505.4 |
| Feb | 514.3 | 511.6 | 512.5 | 512.5 |
| April | 521.3 | 518.6 | — | — |

SPOT PRICES: Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 768.0 (785.5) cent per troy ounce. New York tin 314-20 (315-20) cents per pound.

| HEATING OIL 42,000 US gallons, cents/US gallons | Latest | Prev | High | Low |
|---|---|---|---|---|
| July | 51.40 | 51.55 | 51.50 | 51.15 |
| Aug | 51.80 | 51.91 | 52.30 | 51.55 |
| Sept | 52.55 | 52.71 | 53.10 | 52.45 |
| Oct | 53.35 | 53.54 | 53.90 | 53.35 |
| Nov | 54.15 | 54.34 | 54.70 | 54.15 |
| Dec | 54.90 | 55.10 | 55.35 | 54.60 |

| ORANGE JUICE 15,000 lb, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 132.55 | 131.50 | 132.60 | 131.70 |
| Sept | 127.70 | 127.70 | 127.75 | 127.50 |
| Nov | 123.96 | 123.80 | 124.00 | 124.00 |
| Jan | 123.00 | 123.10 | 123.25 | 123.25 |
| March | 122.75 | 123.20 | 123.00 | 122.75 |
| May | 122.75 | 123.20 | — | — |
| July | 122.75 | 123.20 | — | — |

| PLATINUM 50 troy oz, $/troy oz | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 572.5 | 572.6 | 579.0 | 571.0 |
| Oct | 580.3 | 579.9 | 586.5 | 579.0 |
| Jan | 587.5 | 587.1 | 591.0 | 587.5 |
| April | 595.0 | 594.1 | 597.5 | 557.5 |
| July | 602.5 | 601.1 | 606.5 | 606.5 |

| SILVER 5,000 troy oz, cents/troy oz | Close | Prev | High | Low |
|---|---|---|---|---|
| June | 781.2 | 756.0 | 782.0 | 779.0 |
| July | 785.0 | 762.0 | 791.0 | 770.0 |
| August | 484.1 | 481.4 | 484.5 | 454.0 |
| Sept | 795.2 | 771.9 | 801.8 | 773.0 |
| Dec | 811.4 | 787.7 | 818.0 | 787.0 |
| Jan | 816.7 | 792.9 | — | — |
| March | 827.8 | 803.7 | 824.0 | 804.0 |
| July | 851.3 | 826.6 | 850.0 | 850.0 |

| SUGAR WORLD "11" 112,000 lb, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 6.55 | 6.63 | 6.64 | 6.48 |
| Sept | 6.65 | 6.85 | 6.85 | 6.65 |
| Oct | 6.83 | 6.94 | 6.95 | 6.78 |
| Jan | 7.00 | 7.20 | 7.14 | 7.14 |
| March | 7.24 | 7.36 | 7.37 | 7.22 |
| May | 7.40 | 7.53 | 7.43 | 7.40 |
| July | 7.52 | 7.66 | 7.57 | 7.52 |
| Oct | 7.67 | 7.80 | 7.70 | 7.65 |

## CHICAGO

| LIVE CATTLE 40,000 lbs, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| June | 67.67 | 67.30 | 67.70 | 67.05 |
| Aug | 62.87 | 62.10 | 62.90 | 62.22 |
| Oct | 61.50 | 61.02 | 61.56 | 61.00 |
| Dec | 62.60 | 62.12 | 62.65 | 62.05 |
| Feb | 62.75 | 62.07 | 62.90 | 62.05 |
| April | 63.75 | 63.05 | 63.75 | 63.00 |
| June | 62.90 | 62.50 | 63.00 | 62.70 |

| LIVE HOGS 30,000 lbs, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| June | 60.77 | 59.77 | 60.92 | 59.77 |
| July | 56.72 | 55.70 | 57.00 | 56.05 |
| Aug | 52.45 | 51.15 | 52.60 | 51.40 |
| Oct | 44.92 | 44.42 | 45.00 | 44.45 |
| Dec | 45.22 | 44.70 | 45.30 | 44.60 |
| Feb | 44.20 | 43.60 | 44.30 | 43.65 |
| April | 41.50 | 41.25 | 41.70 | 41.35 |
| Jun | 43.46 | 42.87 | 43.45 | 42.90 |
| July | 42.95 | 42.75 | 42.97 | 42.75 |

| MAIZE 5,000 bu min, cents/56 lb bushel | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 188.4 | 189.6 | 190.6 | 188.0 |
| Sept | 190.6 | 190.4 | 192.0 | 190.0 |
| Dec | 195.6 | 195.4 | 197.4 | 194.2 |
| March | 204.2 | 204.0 | 205.4 | 202.6 |
| May | 207.4 | 207.8 | 209.0 | 206.6 |
| July | 209.2 | 209.4 | 211.0 | 208.0 |
| Sept | 208.0 | 206.0 | 209.4 | 206.4 |

| PORK BELLIES 38,000 lbs, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 77.02 | 75.02 | 77.02 | 75.05 |
| Aug | 73.92 | 71.92 | 73.92 | 72.30 |
| Feb | 62.30 | 60.70 | 62.65 | 61.00 |
| March | 62.10 | 60.25 | 62.15 | 61.05 |

| SOYABEANS 5,000 bu min, cents/60 lb bushel | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 559.0 | 562.2 | 565.0 | 558.4 |
| Aug | 562.6 | 566.0 | 569.0 | 562.4 |
| Sept | 564.0 | 566.2 | 569.0 | 562.4 |
| Nov | 570.2 | 572.4 | 575.4 | 568.0 |
| Jan | 578.2 | 582.0 | 583.4 | 577.0 |
| March | 587.4 | 589.0 | 592.0 | 588.0 |
| May | 593.0 | 596.0 | 598.0 | 593.0 |
| July | 594.0 | 597.0 | 594.0 | 594.0 |
| Aug | 591.0 | 594.0 | — | — |

| SOYABEAN MEAL 100 tons, $/ton | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 172.3 | 173.0 | 174.5 | 171.8 |
| Aug | 170.2 | 170.4 | 171.5 | 169.5 |
| Sept | 170.8 | 170.5 | 172.0 | 169.5 |
| Oct | 170.7 | 170.5 | 172.5 | 170.5 |
| Dec | 173.4 | 173.1 | 175.0 | 172.0 |
| Jan | 174.5 | 174.0 | 175.5 | 173.5 |
| March | 177.5 | 176.9 | 178.0 | 176.0 |
| May | 176.0 | 178.0 | 178.0 | 176.0 |
| July | 176.0 | 177.0 | 178.0 | 176.0 |
| Aug | 175.5 | 177.5 | 176.0 | 176.0 |

| SOYABEAN OIL 60,000 lbs, cents/lb | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 16.83 | 16.91 | 16.97 | 16.72 |
| Aug | 17.03 | 17.10 | 17.16 | 16.90 |
| Sept | 17.20 | 17.27 | 17.36 | 17.08 |
| Oct | 17.41 | 17.47 | 17.52 | 17.33 |
| Dec | 17.70 | 17.78 | 17.82 | 17.60 |
| Jan | 17.80 | 17.86 | 17.88 | 17.75 |
| March | 18.06 | 18.15 | 18.15 | 18.06 |
| May | 18.30 | 18.37 | 18.35 | 18.30 |
| July | 18.47 | 18.50 | 18.50 | 18.45 |

| WHEAT 5,000 bu min, cents/60 lb bushel | Close | Prev | High | Low |
|---|---|---|---|---|
| July | 270.2 | 272.2 | 273.0 | 270.0 |
| Sept | 277.2 | 277.6 | 279.4 | 276.4 |
| Dec | 284.0 | 285.2 | 287.0 | 284.0 |
| March | 286.4 | 287.0 | 288.4 | 286.0 |
| May | 279.2 | 279.0 | 282.4 | 279.0 |
| July | 276.0 | 273.0 | 279.0 | 273.0 |

# Japanese mining and manufacturing down

JAPAN'S mining and manufacturing output dropped by 1.7 per cent in April, compared to March, Ian Rodger reports from Tokyo.

The Ministry of International Trade and Industry said the seasonally adjusted figure reflected stagnating production of electric machinery and transportation equipment. The output index stood at 121.8 at the end of April (1980: 100). Miti has forecast a decline of 0.8 per cent in May and a 3.7 per cent rise in June.

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Short covering helps dollar

THE DOLLAR finished below the day's best level but was still firmer from Wednesday on short covering ahead of the Venice summit. There was little incentive to carry positions over the weekend, with most of Europe closed on Monday for a public holiday. While there was no clear idea about the outcome of the summit, dealers were reluctant to run short dollar positions because of the uncertainty.

However the firmer trend came to a halt when the US unit met solid resistance at DM 1.8250 and after it had touched this level, rates tended to ease back a little. Traders were also awaiting the release of US unemployment figures today to give some guide on the state of the economy. While many speculators remained optimistic, the absence of any fresh economic news tended to expose the dollar's bearish undertone, based on the size of the US trade and budget deficits.

Reaction to Mr Paul Volcker declining a third term of office as chairman of the US Federal Reserve Board had already run its course and did not really feature as a market factor.

The dollar closed at DM 1.8185 from DM 1.8070 and Y144.25 compared with Y142.80. Elsewhere it rose to SFr 1.5065 from SFr 1.4935 and FFr 6.0775 from FFr 6.0450. On Bank of England figures, the dollar's exchange rate index rose from 101.3 to 101.8.

**STERLING**—Trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 72.5, unchanged from the opening but down from 72.8 on Wednesday. The six months ago figure was 69.5.

Sterling opened on a weaker note; following the release of an opinion poll which suggested a narrowing the gap between the major political parties ahead of next week's general election. However it soon stabilised and remained confined to a narrow range for most of the day. There were no other factors influencing the market and dealers wwere resigned to a week of fluctuations as sterling reacted to the varying fortunes of each party.

The pound fell to $1.6240 from $1.6435 and DM 2.9525 from DM 2.9700. Against the yen it slipped to Y234.25 from Y234.75 and SFr 2.4475 from SFr 2.4450. Against the French franc it closed at FFr 9.87 from FFr 9.9350.

**D-MARK**—Trading range against the dollar in 1987 is 1.9365 to 1.7690. May average 1.7887. Exchange rate index 146.9 against 145.4 six months ago.

There wwas no intervention by the Bundesbank at the fixing in Frankfurt when the dollar rose to DM 1.8163 from DM 1.8048 on Wednesday. Short covering developed quite early on but the US unit met solid resistance at DM 1.8250 and in the absence of any new factors to offset a still quite bearish undertone, the dollar eased back from the day's highs.

Trading volume tended to thin out as most dealers carried square positions ahead of the long weekend in much of Europe and the start on Monday of the Venice Summit.

**JAPANESE YEN**—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 221.3 against 207.1 six months ago.

Short covering and speculative buying pushed the dollar firmer in Tokyo. It closed at Y144.30 up from Y143.45 in New York and Y142.40 in Tokyo on Wednesday. A revival in US bond prices also created some demand for the US unit.

However, most traders expected the dollar to settle within a fairly narrow range ahead of today's US unemployment figures, the weekend and the start on Monday of the economic summit in Venice.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu June 4 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 42.9724 | +1.21 | +0.69 | ±1.5344 |
| Danish Krone | 7.85212 | 7.80019 | −0.66 | −1.18 | ±1.6404 |
| German D-Mark | 2.05853 | 2.07350 | +0.73 | +0.21 | ±1.0981 |
| French Franc | 6.90403 | 6.93109 | +0.39 | −0.13 | ±1.3674 |
| Dutch Guilder | 2.31943 | 2.33606 | +0.72 | +0.20 | ±1.5012 |
| Irish Punt | 0.768411 | 0.774270 | +0.76 | +0.24 | ±1.6684 |
| Italian Lira | 1483.58 | 1501.51 | +1.21 | +1.15 | ±4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ IN NEW YORK

| June 4 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6240-1.6250 | 1.6285-1.6295 |
| 1 month | 0.24-0.23 pm | 0.25-0.23 pm |
| 3 months | 0.62-0.59 pm | 0.60-0.57 pm |
| 12 months | 1.45-1.35 pm | 1.30-1.20 pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

| | June 4 | Previous |
|---|---|---|
| 8.30 am | 72.5 | 72.7 |
| 9.00 am | 72.5 | 72.6 |
| 10.00 am | 72.5 | 72.7 |
| 11.00 am | 72.5 | 72.8 |
| Noon | 72.5 | 72.8 |
| 1.00 pm | 72.5 | 72.9 |
| 2.00 pm | 72.5 | 72.8 |
| 3.00 pm | 72.5 | 72.8 |
| 4.00 pm | 72.5 | 72.8 |

### CURRENCY RATES

| June 4 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.79213 | 0.701935 |
| U.S. Dollar | 5.5 | 1.2872 | 1.14205 |
| Canadian $ | 7.90 | * | 1.53012 |
| Austrian Sch. | 4 | N/A | 14.5714 |
| Belgian Franc | 7¾ | 48.4491 | 42.9724 |
| Danish Krone | 7 | N/A | 7.80019 |
| Deutsche Mark | 3.0 | 2.3379 | 2.07350 |

## FINANCIAL FUTURES

# Election fears hit gilts

LONG TERM gilt futures *weakened in nervous trading on* the London International Financial Futures Exchange yesterday.

Opinion polls painted a confusing picture, with one week to go *before the UK general election*, but the main reaction appeared to follow rumours that a Marplan poll to be published today will show the Conservative lead cut to 2 per cent.

Dealers said this appeared to be unfounded, because at the time the rumour hit the market the polling organisation was still conducting interviews. On the other hand the market was not too *happy about a Gallup poll yesterday*, showing the Conservative lead over Labour cut by 4 points to only 4 points.

It was also suggested that many *traders have regarded the UK* political and economic position with favour in recent months, and are generally running long positions. But the present nervousness about the opinion polls means there is a lack of buyers and this situation is likely to continue until the election.

September long gilts opened weaker at 125-28 and fell to a low of 124-27, before closing at 125-08, *compared with 126-11 on* Wednesday.

There was no reaction to news the UK current account surplus in the first quarter was £667m, little changed from an earlier estimate of £664m, or that last year's current account deficit was reduced to £120m, from the previous estimate of £1.1bn.

Trading in US Treasury bonds was subdued, ahead of today's figures on US unemployment and next week's economic summit in Venice.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Sept | Calls—Last Dec | Puts—Last Sept | Puts—Last Dec |
|---|---|---|---|---|
| 118 | 8.07 | 8.58 | 0.55 | 1.54 |
| 120 | 6.37 | 7.34 | 1.21 | 2.30 |
| 122 | 5.09 | 6.19 | 1.57 | 3.15 |
| 124 | 3.59 | 5.12 | 2.43 | 4.08 |
| 126 | 2.60 | 4.14 | 3.44 | 5.10 |
| 128 | 2.00 | 3.25 | 4.48 | 6.21 |
| 130 | 1.25 | 2.44 | 6.09 | 7.40 |
| 132 | 1.20 | 2.06 | 7.58 | 9.02 |

Estimated volume total, Calls 1,928 Puts 1,755
Previous day's open int: Calls 17,270 Puts 7,780

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Sept | Calls—Last Dec | Puts—Last Sept | Puts—Last Dec |
|---|---|---|---|---|
| 80 | 9.56 | 9.32 | 0.12 | 0.48 |
| 82 | 8.05 | 7.58 | 0.25 | 1.10 |
| 84 | 6.26 | 6.30 | 0.46 | 1.46 |
| 86 | 4.58 | 5.12 | 1.14 | 2.28 |
| 88 | 3.40 | 4.05 | 1.60 | 3.21 |
| 90 | 2.27 | 3.09 | 2.47 | 4.25 |
| 92 | 1.32 | 2.24 | 3.52 | 5.40 |
| 94 | 0.59 | 1.48 | 5.15 | 7.00 |

Estimated volume total, Calls 20 Puts 11
Previous day's open int: Calls 370 Puts 381

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls—Last June | Calls—Last July | Puts—Last June | Puts—Last July |
|---|---|---|---|---|
| 20750 | 17.68 | 20.68 | 2.38 | 1.38 |
| 21000 | 15.80 | 18.61 | 3.00 | 1.81 |
| 21250 | 14.03 | 16.65 | 3.73 | 2.35 |
| 21500 | 12.38 | 14.78 | 4.58 | 2.98 |
| 21750 | 11.15 | 13.04 | 5.85 | 3.74 |
| 22000 | 7.90 | 11.41 | 5.10 | 4.61 |
| 22250 | 7.15 | 9.91 | 6.85 | 5.61 |
| 22500 | 5.99 | 8.55 | 8.19 | 6.75 |

Estimated volume total, Calls 34 Puts 8
Previous day's open int: Calls 403 Puts 553

### SWISS FRANC (IMM)
SFr 125,000 $ per SFr

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| June | 0.6654 | 0.6678 | 0.6652 | 0.6698 |
| Sep. | 0.6712 | 0.6737 | 0.6710 | 0.6753 |
| Dec. | 0.6790 | 0.6800 | 0.6775 | 0.6815 |
| Mar. | 0.6850 | — | 0.6850 | 0.6875 |

### STANDARD & POORS 500 INDEX
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| June | 293.95 | 294.90 | 293.20 | 294.40 |
| Sept. | 295.95 | 297.00 | 295.10 | 296.50 |
| Dec. | 298.10 | 298.90 | 297.20 | 298.80 |
| Mar. | — | 300.20 | 299.80 | 300.90 |

## MONEY MARKETS

# Rates up on polls

THERE WAS a firmer tone to interest rates on the London money market yesterday. Dealers adopted a cautious view, ahead of next week's UK general election, on confusion caused by conflicting opinion polls.

Gallup showed only a 4 point Conservative lead over Labour, while Harris pointed towards a 10 point Tory lead, and an NOP poll of marginal seats was much more favourable for the Conservatives than a similar recent survey conducted by BBC's Newsnight.

Three-month interbank rose to 8$\frac{15}{16}$-8$\frac{13}{16}$ per cent from 8$\frac{17}{32}$-8$\frac{11}{16}$ per cent and one-year to 9⅛-9$\frac{1}{16}$ per cent from 9$\frac{1}{16}$-8$\frac{15}{16}$ per cent.

**UK clearing bank base lending rate 9 per cent since May 8**

The Bank of England forecast a *money market shortage of £300m*, and provided total help on the day of £205m.

Before lunch the authorities bought £116m bank bills in band 1 at 8⅞ per cent. In the *afternoon* another £89m bills were purchased, by way of £3m Treasury bills in band 1; £66m bank bills in band 1; and £20m bank bills in band 2, all at 8⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £297m, with a rise in the note circulation absorbing £50m. These outweighed Exchequer transactions adding £40m to liquidity and bank balances above target of £15m.

In New York the Federal Reserve added $1.5bn of temporary reserves to the banking system, through customer repurchase agreements, when Federal funds were trading at 6$\frac{11}{16}$ per cent.

In Saarbruecken the West German Bundesbank council held its regular meeting, and as expected left credit policies unchanged. The discount rate remains at 3 per cent and the Lombard rate at 5 per cent.

In Amsterdam the Dutch Central Bank offered liquidity to the money market through seven-day special advances, at an unchanged rate of 5.10 per cent. The amount will be set at today's tender and will replace maturities of Fl3.6bn.

In Tokyo the unconditional call rate fell 0.0625 per cent to 3.1875 per cent, reflecting a credit surplus in the short-term money market of Y80bn.

This reversed the tight conditions seen Wednesday, when *corporate tax payments and social* insurance fees, totalling around Y4,700bn, led the Bank of Japan to supply Y400bn of liquidity through a repurchase agreement *on two-month commercial bills.*

In Rome the Italian Treasury closed its offer of 10-year variable coupon certificates, after sales of L1,420bn. The certificates were priced at 99 per cent, for an effective net annual yield of 9.85 per cent, on the first coupon.



# $ WORLD VALUE OF THE DOLLAR

**BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON**

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 3, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London,
New York, Tokyo, San Francisco, Los Angeles, Toronto.

24-hours a day trading capability.

Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

ECU=$US1.14894 SDR1=$US1.29366
As of June 3, at 11.00 a.m.

| | 3 months | 6 months |
|---|---|---|
| Eurodollar Libor: | 7⅜ | 7⅝ |
| Sibor: | 7⅜ | 7⅝ |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (o) | 50.60 |
| Albania | Lek | 6.1492 |
| Algeria | Dinar | 4.63 |
| Andorra | French Franc | 6.034 |
| | Spanish Peseta | 125.77 |
| Angola | Kwanza | 29.918 |
| Antigua | E. Caribbean $ | 2.70 |
| Argentina | Austral | 1.632 |
| Aruba | Florin | 1.79 |
| Gibraltar | Pound* | 1.6425 |
| Greece | Drachma | 135.00 |
| Greenland | Danish Krone | 6.80 |
| Grenada | E. Caribbean $ | 2.70 |
| Guadaloupe | Franc | 6.034 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal (o) | 1.00 |
| | Quetzal (h, I) | 2.68 |
| Guinea Bissau | Peso (3) | 650.00 |
| Papua New Guinea | Kina | 0.8937 |
| Paraguay | Guarani (o) | 240.00 |
| | Guarani (p) | 550.00 |
| | Guarani (d) | 794.00 |
| Peru | Inti (o) (n) | 15.55 |
| | Inti (f) | 25.50 |
| | Inti (f) | 19.45 |
| Philippines | Peso | 20.47 |
| Pitcairn Islands | N.Z. Dollar | 1.7212 |

# WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

**Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries**

| NATIONAL AND REGIONAL MARKETS | THURSDAY JUNE 4 1987 | | | | | WEDNESDAY JUNE 3 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (94) | 132.81 | −0.7 | 121.24 | 123.62 | 3.16 | 133.76 | 120.66 | 124.06 | 140.95 | 99.92 | 89.83 |
| Austria (16) | 87.57 | −0.3 | 79.95 | 82.61 | 2.29 | 87.85 | 79.25 | 82.37 | 101.62 | 85.94 | 83.25 |
| Belgium (47) | 114.41 | +0.0 | 104.45 | 106.51 | 4.50 | 114.45 | 103.24 | 105.98 | 123.62 | 96.19 | 77.37 |
| Canada (129) | 126.70 | +0.8 | 115.66 | 123.03 | 2.42 | 125.68 | 113.37 | 122.22 | 136.17 | 100.00 | 98.87 |
| Denmark (39) | 117.67 | −0.1 | 107.43 | 109.47 | 2.53 | 117.77 | 106.24 | 109.00 | 124.10 | 98.18 | 98.73 |
| France (122) | 109.53 | −0.1 | 99.99 | 104.42 | 2.69 | 109.66 | 98.92 | 103.98 | 121.82 | 98.39 | 77.58 |
| West Germany (90) | 91.08 | −0.4 | 83.15 | 86.11 | 2.17 | 91.42 | 82.47 | 85.89 | 100.33 | 84.00 | 80.23 |
| Hong Kong (45) | 115.19 | +1.4 | 105.16 | 115.45 | 2.92 | 113.55 | 102.43 | 113.79 | 115.19 | 96.89 | 69.97 |
| Ireland (14) | 127.24 | +0.0 | 116.15 | 121.75 | 3.60 | 127.20 | 114.75 | 120.90 | 131.86 | 99.50 | 82.78 |
| Italy (76) | 98.58 | −0.6 | 90.00 | 96.96 | 1.87 | 99.15 | 89.45 | 96.93 | 112.11 | 94.76 | 90.00 |
| Japan (458) | 154.81 | +0.5 | 141.32 | 141.15 | 0.47 | 154.08 | 138.99 | 139.08 | 161.28 | 100.00 | 76.21 |
| Malaysia (36) | 172.55 | +0.2 | 157.53 | 166.09 | 2.29 | 172.25 | 155.38 | 165.51 | 172.55 | 98.24 | 76.33 |
| Mexico (14) | 202.32 | +1.5 | 184.70 | 283.48 | 0.78 | 199.36 | 179.84 | 278.90 | 202.32 | 99.72 | 49.45 |
| Netherland (38) | 115.73 | +0.2 | 105.65 | 108.26 | 4.12 | 115.55 | 104.24 | 107.38 | 120.14 | 99.65 | 89.05 |
| New Zealand (27) | 93.54 | +0.3 | 85.40 | 86.13 | 3.12 | 93.28 | 84.15 | 85.45 | 100.59 | 83.93 | 67.28 |
| Norway (24) | 139.97 | +1.4 | 127.78 | 127.81 | 1.98 | 138.06 | 124.54 | 125.46 | 139.97 | 100.00 | 96.45 |
| Singapore (27) | 142.90 | +0.6 | 130.46 | 139.31 | 1.74 | 141.99 | 128.08 | 138.39 | 142.90 | 99.29 | 70.86 |
| South Africa (61) | 153.90 | −2.6 | 140.50 | 117.04 | 3.53 | 157.97 | 142.50 | 117.08 | 186.74 | 100.00 | 79.30 |
| Spain (43) | 113.60 | −1.4 | 103.70 | 108.95 | 3.75 | 115.19 | 103.91 | 109.91 | 121.31 | 100.00 | 83.29 |
| Sweden (33) | 112.38 | +0.2 | 102.59 | 105.39 | 2.20 | 112.12 | 101.15 | 104.74 | 124.68 | 90.85 | 88.89 |
| Switzerland (51) | 93.12 | +0.5 | 85.01 | 86.97 | 2.00 | 92.64 | 83.57 | 85.77 | 104.06 | 92.53 | 81.33 |
| United Kingdom (337) | 143.37 | −2.1 | 130.88 | 130.88 | 3.25 | 146.37 | 132.04 | 132.04 | 148.66 | 99.65 | 97.03 |
| USA (596) | 120.78 | +0.5 | 110.26 | 120.78 | 2.99 | 120.13 | 108.37 | 120.13 | 124.06 | 100.00 | 102.64 |
| Europe (930) | 117.54 | −1.1 | 107.31 | 109.70 | 2.93 | 118.84 | 107.20 | 109.93 | 121.61 | 99.78 | 88.32 |
| Pacific Basin (687) | 152.48 | +0.5 | 139.20 | 139.51 | 0.62 | 151.80 | 136.93 | 137.55 | 158.30 | 100.00 | 76.46 |
| Euro–Pacific (1617) | 138.54 | −0.1 | 126.48 | 127.62 | 1.41 | 138.65 | 125.08 | 126.53 | 143.22 | 100.00 | 81.14 |
| North America (725) | 121.09 | +0.6 | 110.54 | 120.92 | 2.96 | 120.42 | 108.63 | 120.26 | 124.60 | 100.00 | 102.44 |
| World Ex. US (1821) | 138.33 | −0.1 | 126.28 | 130.13 | 1.47 | 138.44 | 124.88 | 129.90 | 143.09 | 100.00 | 81.72 |
| World Ex. UK (2080) | 130.29 | +0.4 | 118.95 | 124.56 | 1.88 | 129.79 | 117.08 | 123.43 | 133.33 | 100.00 | 89.26 |
| World Ex. So. Af. (2356) | 131.31 | +0.2 | 119.88 | 125.18 | 2.00 | 131.10 | 118.26 | 124.25 | 133.85 | 100.00 | 89.98 |
| World Ex. Japan (1959) | 120.37 | −0.1 | 109.88 | 117.12 | 2.95 | 120.44 | 108.64 | 116.80 | 121.81 | 100.00 | 96.47 |
| The World Index (2417) | 131.46 | +0.1 | 120.01 | 125.14 | 2.01 | 131.27 | 118.42 | 124.22 | 134.11 | 100.00 | 89.91 |

Base values: Dec 31, 1986 = 100



## EUROPEAN OPTIONS EXCHANGE

| Series | | Aug 87 Vol. | Aug 87 Last | Nov 87 Vol. | Nov 87 Last | Feb 88 Vol. | Feb 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $420 | 8 | 42 | 1 | 53.50 | — | — | $453.40 |
| GOLD C | $440 | 302 | 28 | — | — | — | — | " |
| GOLD C | $460 | 33 | 17.80B | 20 | 31 | 6 | 40B | " |
| GOLD C | $480 | 5 | 10B | 90 | 22.50 | — | — | " |
| GOLD C | $500 | 503 | 5.50 | 31 | 16 | 109 | 23 | " |
| GOLD C | $520 | — | — | 10 | 11 | — | — | " |
| GOLD P | $380 | — | — | 16 | 2.50 | — | — | " |
| GOLD P | $420 | 35 | 3.50 | 3 | 9 | — | — | " |
| | | Jun 87 | | Sep 87 | | Dec 87 | | |
| SILVER C | $800 | 10 | 30A | — | — | — | — | $780 |
| SILVER C | $850 | — | — | — | — | 15 | 105 | " |
| SILVER C | $900 | 4 | 10 | 15 | 69 | 60 | 105 | " |
| SILVER P | $700 | — | — | 23 | 60 | — | — | " |
| £/Fl. C | Fl.335 | 25 | 1.50A | — | — | — | — | Fl.333.05 |
| | | Jun 87 | | Jul 87 | | Aug 87 | | |
| $/Fl C | Fl.195 | 30 | 10.20A | — | — | — | 7 | Fl.204.65 |
| $/Fl C | Fl.200 | 100 | 5.30A | 10 | 6.30A | 24 | — | " |
| $/Fl C | Fl.205 | 56 | 1.50 | 50 | 2.90 | 20 | 4.10A | " |
| $/Fl C | Fl.210 | 40 | 0.40 | — | — | 9 | — | " |
| $/Fl P | Fl.200 | 19 | 0.50B | 5 | 1.80 | — | — | " |
| $/Fl P | Fl.205 | 11 | 2.40 | 1 | 3.90 | 9 | 5 | " |
| | | Sep 87 | | Dec 87 | | Mar 88 | | |
| $/Fl C | Fl.200 | — | — | 1 | 8.50A | 1 | 9.30A | Fl.204.65 |
| $/Fl C | Fl.205 | — | — | 16 | 6.10 | 60 | 7 | " |
| $/Fl C | Fl.210 | — | — | 5 | 4.20 | 22 | 5.30A | " |
| $/Fl C | Fl.215 | 4 | 1.30 | 10 | 3 | 20 | 3.80A | " |
| $/Fl C | Fl.220 | — | — | 12 | 1.90A | — | — | " |
| $/Fl C | Fl.225 | — | — | 20 | 1.30 | — | — | " |
| $/Fl C | Fl.230 | — | — | 15 | 0.90 | — | — | " |
| $/Fl C | Fl.235 | — | — | 10 | 0.60 | — | — | " |
| $/Fl P | Fl.190 | — | — | 10 | 2.10 | 10 | 3.60 | " |
| $/Fl P | Fl.200 | 4 | 3.60B | 50 | 6 | — | — | " |
| $/Fl P | Fl.205 | 4 | 6A | — | — | 2 | 10.90B | " |

| | | July 87 | | Oct 87 | | Jan 88 | | |
|---|---|---|---|---|---|---|---|---|
| ABN C | Fl.480 | 238 | 7.60 | 90 | 17.50 | 11 | 27A | Fl.468.50 |
| ABN P | Fl.480 | 254 | 14.10 | 39 | 28 | 8 | 31 | " |
| AEGON C | Fl.90 | 119 | 2.50 | 123 | 4.50 | 2 | 6 | Fl.88 |
| AEGON P | Fl.85 | 47 | 1.70 | 15 | 2.80 | — | — | " |
| AHOLD C | Fl.95.50 | 32 | 3.50B | — | — | — | — | Fl.92.80 |
| AKZO C | Fl.140 | 263 | 1.10 | 86 | 4.50 | 7 | 7 | Fl.130.70 |
| AKZO P | Fl.130 | 127 | 2.90 | 155 | 5.40 | 23 | 6.50 | " |
| AMEV C | Fl.65 | 18 | 1A | 474 | 2.20 | 11 | 3.30 | Fl.60.60 |
| AMEV P | Fl.60 | 39 | 1.80 | 164 | 3.20 | — | — | " |
| AMRO C | Fl.80 | 5 | 0.60 | 260 | 1.50 | — | — | Fl.73.10 |
| AMRO P | Fl.75 | 17 | 2.60 | 220 | 4.60 | 23 | 5.40 | " |
| ELSEVIER C | Fl.52 | 234 | 0.80 | 22 | 1.30B | — | — | Fl.48.50 |
| ELSEVIER P | Fl.46 | 112 | 0.50 | — | — | — | — | " |
| GIST-BROC C | Fl.45 | 73 | 0.70 | 308 | 1.80 | 1 | 3.40 | Fl.41.60 |
| GIST-BROC P | Fl.40 | 45 | 0.70 | 7 | 1.80 | — | — | " |
| HEINEKEN C | Fl.180 | 44 | 2.50 | 5 | 6 | — | — | Fl.179.50 |
| HEINEKEN P | Fl.170 | 12 | 1.90 | 52 | 5 | — | — | " |
| HOOGOVENS C | Fl.40 | 3 | 2.50 | 39 | 4 | — | — | Fl.41.20 |
| HOOGOVENS P | Fl.40 | 41 | 1.50 | 133 | 2.80 | 2 | 3.90 | " |
| KLM C | Fl.50 | 157 | 0.80 | 769 | 1.80 | 110 | 3.30 | Fl.45.90 |
| KLM P | Fl.45 | 97 | 1.30 | 248 | 3.20 | 62 | 3.50 | " |
| NED. LLOYD C | Fl.140 | 29 | 2 | 19 | 4.50 | 12 | 6.50 | Fl.139 |
| NED. LLOYD P | Fl.150 | 46 | 18 | 2 | 18.50 | 1 | 21 | " |
| NAT. NED. C | Fl.65 | 80 | 4.30 | 441 | 5.50 | 48 | 7A | Fl.67.60 |
| NAT. NED. P | Fl.65 | 10 | 1 | 100 | 2 | 12 | 3 | " |
| PHILIPS C | Fl.50 | 340 | 1 | 256 | 2.70 | 86 | 3.80 | Fl.48.10 |
| PHILIPS P | Fl.45 | 264 | 0.50 | 83 | 1.50 | 2 | 2.40 | " |
| ROYAL DUTCH C | Fl.270 | 332 | 2.70 | 666 | 6.10 | 6 | 9.50 | Fl.259.50 |
| ROYAL DUTCH P | Fl.260 | 334 | 5.10 | 182 | 10 | 10 | 12 | " |
| ROBECO C | Fl.95 | — | — | 2 | 9.50 | 110 | 10.50 | Fl.102.70 |
| ROBECO P | Fl.105 | 75 | 3.50 | 10 | 3.80 | — | — | " |
| UNILEVER C | Fl.660 | 559 | 9 | 120 | 21.50 | 9 | 31 | Fl.640.50 |
| UNILEVER P | Fl.620 | 233 | 5.10 | 80 | 14 | 5 | 20 | " |

TOTAL VOLUME IN CONTRACTS: 28,787

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

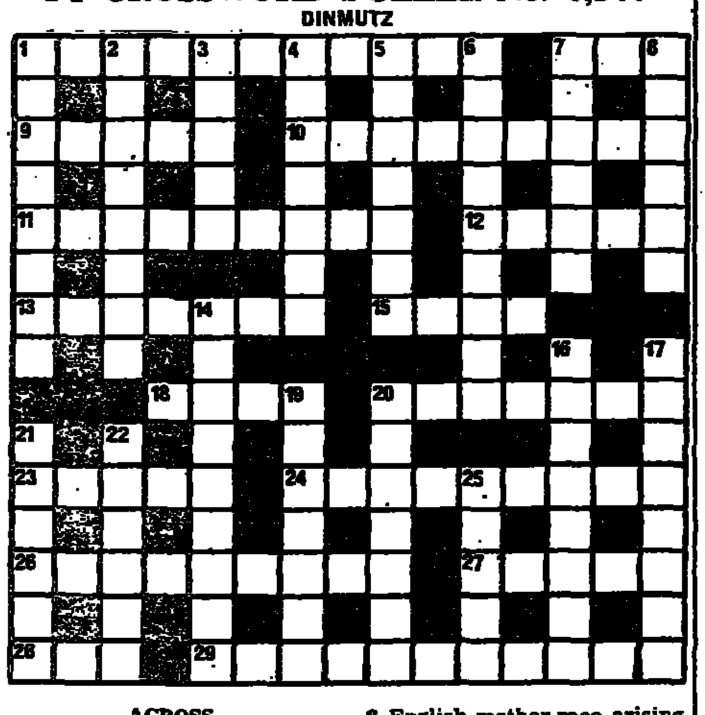
| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 9 | ● Charterhouse Bank | 9 | Nat Bk. of Kuwait | 9 |
| Adam & Company | 9 | Citibank NA | 9 | NatWestminster | 9 |
| Allied Arab Bk Ltd | 9 | City Merchants Bank | 9 | Northern Bank Ltd | 9 |
| Allied Dunbar & Co | 9 | Clydesdale Bank | 9 | Norwich Gen. Trust | 9 |
| Allied Irish Bank | 9 | Comm. Bk. N. East | 9 | PK Finans. Intl (UK) | 10 |
| American Exp. Bk | 9 | Consolidated Cred | 9 | Provincial Trust Ltd | 10 |
| Amro Bank | 9 | Co-operative Bank | *9 | R. Raphael & Sons | 9 |
| Henry Ansbacher | 9 | Cyprus Popular Bk | 9 | Roxburghe G'rantee | 9½ |
| ANZ Banking Group | 9 | Duncan Lawrie | 9 | Royal Bk of Scotland | 9 |
| Associates Cap Corp | 9 | Equat'l Tst C'p plc | 9 | Royal Trust Bank | 9 |
| Authority & Co Ltd | 9 | Exeter Trust Ltd | 9½ | Smith & Williamson Secs | 9 |
| Banco de Bilbao | 9 | Financial & Gen. Sec | 9 | Standard Chartered | 9 |
| Bank Hapoalim | 9 | First Nat. Fin. Corp | 10 | Trustee Savings Bnk | 9 |
| Bank Leumi (UK) | 9 | First Nat. Sec. Ltd | 10 | UDT Mortgage Exp | ¶11.1 |
| Bank Credit & Comm | 9 | ● Robert Fleming & Co | 9 | United Bk of Kuwait | 9 |
| Bank of Cyprus | 9 | Robert Fraser & Ptrs | 10 | United Mizrahi Bank | 9 |
| Bank of Ireland | 9 | Girobank | 9 | Unity Trust PLC | 9 |
| Bank of India | 9 | Grindlays Bank | ‡9 | Westpac Bank. Corp | 9 |
| Bank of Scotland | 9 | ● Guinness Mahon | 9 | Whiteaway Laidlaw | 9½ |
| Banque Belge Ltd | 9 | HFC Trust & Savings | 9 | Yorkshire Bank | 9 |
| Barclays Bank | 9 | ● Hambros Bank | 9 | | |
| Benchmark Tst Ltd | 9 | Heritable & Gen. Tst | 9 | | |
| Beneficial Trust Ltd | 10 | ● Hill Samuel | §9 | | |
| Berliner Bank AG | 9 | C. Hoare & Co | 9 | | |
| Brit Bk of Mid East | 9 | Hongkong & Shangh | 9 | | |
| ● Brown Shipley | 9 | Lloyds Bank | 9 | | |
| Business Mtge Tst | 9 | Meghraj & Sons Ltd | 9 | | |
| CL Bank Nederland | 9 | Midland Bank | 9 | | |
| Canada Permanent | 9 | ● Morgan Grenfell | 9 | | |
| Cayzer Ltd | 9 | C Mnt Credit Corp. Ltd | 9 | | |

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.



## FT CROSSWORD PUZZLE No. 6,344

DINMUTZ



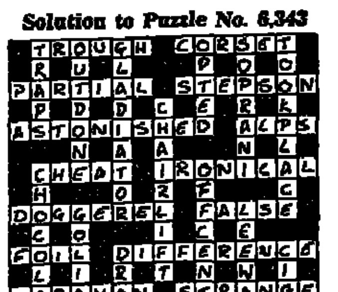
**ACROSS**

1 One of those still remains to be seen (6, 5)
7 Saloon almost empty (3)
9 Come to section of river (5)
10 Irregularities in a semolina recipe (9)
11 Deep breath? (3-6)
12 Symptoms produced by a box that does not close? (5)
13 Stand in opening of England's *new ground* (7)
15 Match produces Twickenham's first victory (4)
18 Poison-tree from Pennsylvania in America? (4)
20 Spring-lock? (7)
23 One unemployed in torrid Lerido (5)
24 Did Daisy retract so? (4-5)
26 A striking bar counter (9)
27 Bits of ancient Greece (5)
28 Plant stake (3)
29 Indestructible silent grave ordered (11)

**DOWN**

1 More to the point, that French is an architectural style (8)
2 *Ship's hospital leaving the shore?* (8)
3 Houseman in a novel fall (5)
4 Cop able to sort out the sham remedy (7)
5 Tender love that can be wearing away (7)
6 English mother-race arising (9)
7 Spoil the opening of Blackpool illuminations, almost (6)
8 Contend with difficult sister (6)
14 Bang-on-time journalism (9)
16 Pleasing kind of oil I put on is from flowers (8)
17 Make notes about speech, *following closely* (8)
19 Peter out in Settle? (7)
20 Article about concert (7)
21 Follower of Falstaff fired (6)
22 Lumme! First British sailor in America (6)
25 Stories of novel pieces of land (5)

**Solution to Puzzle No. 6,343**



# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

**Mercury Fund Managers Ltd (c)**
33 King William St, EC4R 9AS 01-280 2860

| | | | | |
|---|---|---|---|---|
| American Growth | 104.9 | 111.0xd | +0.2 | 1.13 |
| (Accum Units) | 110.0 | 116.4xd | +0.3 | 1.13 |
| British Blue Chip Fund | 49.9 | 52.8 | | 2.36 |
| (Accum Units) | 49.9 | 52.8 | | 2.36 |
| American Sm Cos Fd | 49.5 | 52.3 | +0.8 | 0.47 |
| (Accum Units) | 49.5 | 52.3 | +0.8 | 0.47 |
| American Income | 49.9 | 52.9 | +0.5 | 5.03 |
| (Accum Units) | 54.5 | 57.6 | +0.6 | 5.03 |
| European Growth | 135.8 | 143.6 | -0.6 | 0.85 |
| (Accum Units) | 140.5 | 148.6 | -0.6 | 0.85 |
| European Income | 79.0 | 83.5 | -0.4 | 3.53 |
| (Accum Units) | 81.1 | 85.8 | -0.4 | 3.53 |
| General | 350.4 | 370.7 | -0.2 | 2.10 |
| (Accum Units) | 583.9 | 615.7 | -0.3 | 2.10 |
| Gilt | 90.3 | 90.7xd | -0.1 | 7.20 |
| (Accum Units) | 107.5 | 108.0xd | -0.1 | 7.20 |
| Global Fund | 48.9 | 51.7 | +0.2 | 0.70 |
| (Accum Units) | 48.9 | 51.7 | +0.2 | 0.70 |
| High Interest Fund | 47.8 | 50.5 | ---- | 8.91 |
| (Accum Units) | 47.8 | 50.5 | ---- | 8.91 |
| High Income Fund | 49.7 | 52.9 | +0.2 | 5.00 |
| (Accum Units) | 50.5 | 53.4 | +0.2 | 5.00 |
| Income | 113.4 | 119.9 | -0.4 | 3.39 |
| (Accum Units) | 130.0 | 137.5 | -0.5 | 3.39 |
| International | 295.9 | 313.1 | +4.6 | 1.36 |
| (Accum Units) | 368.5 | 389.9 | +5.9 | 1.34 |
| Japan | 235.8 | 249.5 | +4.2 | 0.73 |
| (Accum Units) | 242.1 | 256.1 | +4.3 | 0.73 |
| Pacific Fd | 53.3 | 56.4 | +1.5 | 0.10 |
| (Accum Units) | 53.3 | 56.4 | +1.5 | 0.10 |
| Recovery | 286.4 | 303.0xd | +0.5 | 2.18 |
| (Accum Units) | 311.3 | 329.4xd | +0.5 | 2.18 |
| UK Smaller Co's Fd | 49.5 | 52.9 | +0.1 | 1.91 |
| (Accum Units) | 49.5 | 52.9 | +0.1 | 1.91 |
| Exempt May 27 | 344.6 | 355.0 | +16.3 | 2.19 |
| (Accum Units) | 539.8 | 553.6 | +25.6 | 2.19 |

**Metropolitan Unit Trust Mngrs Ltd**
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45186

| | | | | |
|---|---|---|---|---|
| UK Income Fund | 57.5 | 61.1 | -0.1 | 4.91 |
| Accum Units | 57.5 | 61.1 | -0.1 | 4.91 |
| UK Growth Fund Acc | 58.9 | 62.6 | -0.8 | 1.60 |
| Global Income Fund | 48.6 | 51.7 | +0.4 | 3.87 |
| Accum Units | 48.6 | 51.7 | +0.4 | 3.87 |
| Global Growth Fund | 48.1 | 51.1 | +0.7 | 0.49 |

**Midland Bank Group UT Mngrs. Ltd**
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

| | | | | |
|---|---|---|---|---|
| Capital | 114.5 | 121.4 | -0.5 | 1.36 |
| (Accum Units) | 157.2 | 166.8 | -0.5 | 1.36 |
| Commodity & Gen. | 177.6 | 188.4 | -1.1 | 1.43 |
| (Accum Units) | 253.6 | 269.1 | -1.4 | 1.43 |
| European Growth | 124.7 | 132.3 | -0.5 | 1.12 |
| (Accum Units) | 150.1 | 159.3 | -0.6 | 1.12 |
| Extra High Inc. | 71.8 | 76.1 | | 6.70 |
| (Accum Units) | 87.1 | 92.4 | -0.3 | 6.70 |
| Gilt & Fxd. Int. | 56.0 | 58.4 | -0.1 | 8.66 |
| (Accum Units) | 97.6 | 101.9 | -0.2 | 8.66 |
| High Yield | 204.3 | 216.7 | +0.1 | 4.43 |
| (Accum Units) | 361.3 | 383.3 | +0.3 | 4.43 |
| Income | 234.7 | 249.0 | ---- | 2.88 |
| (Accum Units) | 393.5 | 417.5 | ---- | 2.88 |
| Intl High St UT | 53.4 | 56.7 | -0.1 | 1.76 |
| Do. Accum. | 53.4 | 56.7 | -0.1 | 1.76 |
| Japan and Pacific | 370.5 | 393.1 | +4.5 | 0.18 |
| (Accum Units) | 389.3 | 413.0 | +4.8 | 0.18 |
| Managed Portfolio Acc | 65.1 | 68.8 | +0.3 | 2.49 |
| North American | 121.3 | 128.6 | +2.7 | 1.38 |
| (Accum Units) | 146.5 | 155.5 | +3.0 | 1.38 |
| Smaller Cos. | 176.6 | 187.3 | +0.3 | 1.33 |
| (Accum Units) | 189.7 | 201.3 | +0.2 | 1.33 |

**MIM Britannia Unit Tst Mgrs Ltd (a)(c)(g)**
74-78 Finsbury Pavement, London EC2A 1JD
01-588 2777 Dealing: 01-638 0478/0479

UK Specialist Trusts

| | | | | |
|---|---|---|---|---|
| Growth Gilt | 64.2 | 65.2 | +0.1 | 0.37 |
| Smaller Companies | 215.0 | 229.3 | +0.6 | 0.56 |
| Special Features | 131.3 | 140.0 | -0.3 | 0.60 |
| (Accum Units) | 137.7 | 146.9 | -0.2 | 0.60 |

General Funds

| | | | | |
|---|---|---|---|---|
| Assets & Earnings | 62.1 | 66.2 | +0.0 | 1.46 |
| Accum Units | 62.1 | 66.2 | +0.0 | 1.46 |

**Prudential Unit Trust Mngrs Ltd (a) (b) (c)**
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Link Line 0800 010345

| | | | | |
|---|---|---|---|---|
| Holborn Comm Tst | 72.6 | 76.7 | +0.5 | 0.40 |
| Holborn Equity Income | 65.3 | 69.1xd | | 3.72 |
| Holborn Equity Tst | 549.7 | 581.6 | +0.4 | 2.32 |
| Holborn European Tst | 110.4 | 116.8 | -0.5 | 0.71 |
| Holborn Gilt Tst | 214.1 | 223.0 | -0.5 | 2.13 |
| Holborn High Inc Tst | 82.0 | 87.1 | +0.1 | 4.95 |
| Holborn Intl Grth Tst | 115.5 | 122.2 | +1.3 | 0.71 |
| Holborn Japanese Tst | 135.2 | 143.0 | +3.0 | 0.04 |
| Holborn N. Amer Tst | 87.0 | 92.0 | +1.4 | 0.53 |
| Holborn Sm Cos Tst | 71.5 | 75.6 | +0.2 | 1.54 |
| Holborn Spec Sits Tst | 94.0 | 99.4 | ---- | 1.47 |
| Holborn UK Growth Tst | 110.8 | 117.2 | +0.4 | 1.60 |

**Quilter Management Co Ltd**
31-45 Gresham Street, London EC2 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd | 617.8 | 655.8 | --- | 1.68 |
| Quadrant Income | 318.3 | 336.9 | --- | 4.25 |
| Quadrant Intl. Fund | 432.6 | 457.8xd | --- | 1.10 |
| Quadrant Spec. Sits | 396.3 | 419.4 | --- | 1.56 |

**Reliance Unit Mgrs. Ltd**
Reliance House, Tunbridge Wells, Kent 0892 510033

| | | | | |
|---|---|---|---|---|
| British Life | 229.6 | 244.4 | --- | 2.15 |
| Reliance Unit Tst (Inc) | 153.3 | 163.0 | +0.6 | 1.98 |
| Reliance Ut Tst (Acc) | 206.3 | 219.3 | +0.7 | 1.98 |

**Rensburg Fund Managers**
Stithouse Ct., Tithebarn St., Liverpool. 051-227 2030

| | | | | |
|---|---|---|---|---|
| Internat. Growth Trust | 48.8 | 51.4 | +0.5 | 1.5 |

**N.M. Rothschild Fund Mgmt**
St Swithin's Lane, London EC4 01-634 2980/4

| | | | | |
|---|---|---|---|---|
| NC America (Inc) | 310.6 | 330.2 | +5.3 | 0.83 |
| NC America (Acc) | 338.9 | 360.5 | +5.8 | 0.83 |
| NC Inc Fd | 118.1 | 125.6xd | +0.2 | 3.00 |
| NC Japan Fd | 219.7 | 233.7 | +3.5 | — |
| NC Major UK Cos Fd | 68.1 | 72.4 | +0.8 | 1.63 |
| NC Smlr Australasian | 85.6 | 91.0 | +2.4 | 0.48 |
| NC Smlr European Co's | 47.5 | 50.5 | --- | — |
| NC Smaller Cos | 216.9 | 230.7 | +3.0 | 0.97 |
| NC Smaller European | 193.8 | 206.1 | +0.8 | 0.45 |
| NC Prop.* | 156.1 | 169.5 | ---- | (z) |

*Unauthorised Unit Trusts

**Rowan Unit Trust Mngt. (a)**
33, King William St, London EC4R 9AS 01-638 5678

| | | | | |
|---|---|---|---|---|
| Marlin June 6 | 595.0 | 603.0 | ---- | 1.17 |

**Royal Bank of Canada Fds.**
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

| | | | | |
|---|---|---|---|---|
| RBC Select Gwth Acc | 74.2 | 78.9 | +0.2 | — |
| RBC Select Income | 71.3 | 75.8 | -0.3 | — |
| RBC Select Inc Acc. | 73.0 | 77.6 | -0.2 | — |
| RBC Select N American | 50.2 | 53.3 | +0.7 | — |
| RBC Select Intnl. | 51.3 | 54.5 | +0.3 | — |

**Royal Life Fd Mgmt Ltd**
PO Box 34, Peterborough PE2 0UE. 0733 230000

| | | | | |
|---|---|---|---|---|
| Equity Trust | 81.9 | 86.6 | +0.1 | 1.99 |
| International Trust | 88.1 | 93.2 | +1.4 | 0.99 |
| United States Trust | 36.9 | 39.0 | +1.0 | 0.93 |
| Pacific Basin | 57.8 | 61.1 | +0.9 | 0.16 |
| Gilt Trust | 27.1 | 28.5 | -- | 8.61 |
| Equity Gwth Accum | 250.3 | 264.9 | +1.9 | 1.13 |
| Equity Growth Dist | 176.9 | 187.0 | +1.3 | 1.13 |
| High Inc Accum | 141.3 | 149.6 | -0.3 | 2.59 |
| High Inc Dist. | 117.1 | 124.0 | -0.2 | 2.59 |
| US Growth Accum | 66.2 | 70.1 | +2.4 | 0.90 |
| US Growth Dist | 64.6 | 68.4 | +2.3 | 0.90 |

**Royal London Unit Tst Mgrs Ltd**
Royal Ldn Hse, Colchester CO1 1RA 0206 576115

| | | | | |
|---|---|---|---|---|
| American Growth | 92.3 | 98.2 | +2.0 | 0.72 |
| European Growth | 48.5 | 51.7 | +0.6 | 0.97 |
| Gilt Income | 60.6 | 63.8 | --- | 8.11 |
| High Income | 108.1 | 115.0xd | +0.3 | 4.69 |

# INSURANCES

# FT UNIT TRUST INFORMATION SERVICE

### Manufacturers Life Insurance—Contd.

**Pension Fund Prices**

| | | | |
|---|---|---|---|
| Managed Init | 321.1 | .... | |
| Do. Accum. | 391.5 | .... | — |
| Property Init. | 240.7 | .... | — |
| Do. Accum. | 293.3 | .... | |
| Equity Init. | 411.6 | .... | — |
| Do. Accum. | 500.8 | .... | — |
| Gilt-Edged Init. | 239.0 | .... | |
| Do. Accum. | 291.2 | . | — |
| Guaranteed Init. | 157.1 | | — |
| Do. Accum. | 191.5 | .. | — |
| International Init. | 508.7 | .... | — |
| Do. Accum | 619.5 | .... | — |
| Index Lk. Gilt Init. | 139.9 | .... | — |
| Do. Accum. | 170.4 | . | — |

### Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

| | | | |
|---|---|---|---|
| Property | 298.0 | +0.1 | — |
| Property Pens. | 391.6 | +0.1 | — |
| Equity | 185.5 | +3.4 | — |
| Equity Pens. | 841.3 | +3.4 | — |
| Money Market | 317.2 | -.8 | — |
| Money Mkt. Pens. | 565.7 | -1.4 | — |
| Deposit | 235.1 | +0.1 | — |
| Deposit Pens. | 372.7 | +0.1 | — |
| Managed | 230.1 | -.3 | — |
| Managed Pens. | 534.9 | -.4 | — |
| Intl. Equity | 330.7 | +0.6 | — |
| Do. Pens. | 525.6 | +1.5 | — |
| Intl. Managed | 303.1 | +0.1 | — |
| Do. Pens. | 444.6 | +0.1 | — |
| North American | 124.1 | +1.1 | — |
| Do. Pens. | 140.2 | +2.1 | — |
| Far East | 291.5 | +3.2 | — |
| Do. Pens. | 422.2 | +4.7 | — |
| Intnl. Currency | 175.2 | +0.0 | — |
| Do. Pens. | 229.6 | +0.1 | — |
| Index Linked | 131.3 | -.2 | — |
| S & C Managed Fd. | 138.5 | -.4 | — |
| S & C Pens. Mngd Fd. | 111.9 | -.5 | — |

**Trustlink Life Funds**

| | | | |
|---|---|---|---|
| Per Worldwide Rec. | 155.4 | -1.7 | — |
| Per Far East Growth | 186.0 | +1.2 | — |
| Per Intl Growth | 147.8 | -.3 | — |

### Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

**NUAM Funds**

| | | | | |
|---|---|---|---|---|
| Managed Fund | 56.0 | 59.0 | +0.2 | — |
| Stock Market Mngd Fund | 57.1 | 60.2 | +0.4 | — |
| Equity Fund | 62.4 | 65.7 | +0.1 | — |
| International Fund | 52.6 | 55.4 | +0.8 | |
| European Fund | 54.6 | 57.5 | +0.2 | — |
| North American Fund | 47.9 | 50.5 | +0.9 | — |
| Pacific Fund | 65.8 | 69.3 | +1.0 | — |
| Property Fund | 50.5 | 53.2 | | — |
| Fixed Interest Fund | 51.3 | 54.1 | -0.1 | — |
| Index Linked Sec Fund | 47.3 | 49.8 | +0.2 | — |
| Deposit Fund | 50.5 | 53.2 | . | — |

**NUAM Retirement Plans**

| | | | | |
|---|---|---|---|---|
| Mixed Fund | 59.1 | 62.3 | +0.2 | — |
| UK Ordinary Share | 70.1 | 73.8 | +0.8 | — |
| International Fund | 53.4 | 56.3 | +0.8 | — |
| Property Fund | 51.3 | 54.1 | ... | — |
| Fixed Interest Fund | 53.0 | 55.8 | -0.1 | — |
| Index Linked Sec Fund | 46.8 | 49.3 | -0.1 | — |
| Deposit Fund | 52.1 | 54.9 | ... | — |

**NUAM (MF)**

| | | | | |
|---|---|---|---|---|
| Managed Fund | 764.3 | 804.6 | +3.3 | — |
| Equity Fund | 1652.7 | 1739.7 | +2.6 | — |
| Property Fund | 313.8 | 330.4 | +0.1 | — |
| Fixed Interest Fund | 377.9 | 397.8 | -1.3 | — |
| Deposit Fund | 205.9 | 216.8 | +0.1 | — |
| International Fund | 136.9 | 144.2 | +2.2 | — |
| Index Linked Sec Fund | 47.3 | 49.8 | +0.3 | — |

### Norwich Union Life Insurance Soc.

PO Box 4, Norwich NR1 3NG 0603 622200

**Pensionvestor* & Unit-Linked Plns***

| | | | | |
|---|---|---|---|---|
| Fixed Interest Fund | 265.6 | 279.5 | --- | — |
| Index-Linked Sec Fund | 133.2 | 140.2 | --- | — |
| Ordinary Share Fund | 507.1 | 533.7 | ... | — |
| International Fund | 136.6 | 143.7 | .. | — |
| Property Fund | 160.2 | 168.6 | --- | — |
| Deposit Fund | 163.4 | 172.0 | .... | — |
| Mixed Fund | 328.7 | 346.0 | .... | — |
| Norwich Units March 16 | | 897.8 | --- | — |

*Prices at at June 2.

### Pearl Assurance (Unit Funds) Ltd

[illegible]

## OFFSHORE AND OVERSEAS

## MANAGEMENT SERVICES

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

[illegible]

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1987 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 100[illegible] | 99[illegible] | Treas 10pc 1987 | 100[illegible] | .... | 9.99 | 8.88 |
| 99[illegible] | 97[illegible] | Treas 3pc 1987 | 99[illegible] | .... | 3.02 | 7.74 |
| 101[illegible] | 100[illegible] | Treas. 12pc 1987 | 101[illegible] | .... | 11.84 | 8.43 |
| 99[illegible] | 97[illegible] | Treas 7¼pc 1985-88‡‡ | 99[illegible] | .... | 7.78 | 8.44 |
| 102[illegible] | 99[illegible] | Exch 10½pc '88 | 101[illegible] | –[illegible] | 10.34 | 8.63 |
| 101[illegible] | 98[illegible] | Treas 9¾pc Cv '88 | 101[illegible] | –[illegible] | 9.65 | 8.66 |
| 96[illegible] | 93[illegible] | Transport 3pc '78-88 | 96[illegible] | .. | 3.11 | 6.42 |
| 101[illegible] | 98[illegible] | Treas. 9½pc '88 | 100[illegible] | –[illegible] | 9.41 | 8.70 |
| 105[illegible] | 101[illegible] | Treas 11½pc 1989 | 104[illegible] | –[illegible] | 11.07 | 8.83 |
| 102[illegible] | 97[illegible] | Treas. 9½pc Cnv 1989 | 101[illegible] | –[illegible] | 9.39 | 8.81 |
| 94[illegible] | 89[illegible] | Treas 3pc 1989 | 94[illegible] | –[illegible] | 3.18 | 6.10 |
| 104[illegible] | 99[illegible] | Treas 10½pc 1989 | 103[illegible] | –[illegible] | 10.19 | 8.81 |
| 103[illegible] | 98[illegible] | Exch 10pc 1989 | 102[illegible] | –[illegible] | 9.80 | 8.91 |
| 105[illegible] | 100[illegible] | Exch 11pc 1989 | 104[illegible] | –[illegible] | 10.55 | 8.89 |
| 95[illegible] | 89[illegible] | Treas 5pc 1986-89 | 95[illegible] | –[illegible] | 5.26 | 7.26 |
| 108[illegible] | 100[illegible] | Exch 10¼pcCv '89 | 106[illegible] | –[illegible] | 9.68 | 7.56 |
| 111[illegible] | 105[illegible] | Treas 13pc 1990‡‡ | 109[illegible] | –[illegible] | 11.87 | 8.83 |
| 106[illegible] | 100[illegible] | Exch 11pc 1990‡‡ | 105 | –[illegible] | 10.48 | 8.86 |
| 110[illegible] | 104[illegible] | Exch. 12½pc 1990 | 108[illegible] | –[illegible] | 11.50 | 8.89 |
| 91[illegible] | 84[illegible] | Treas. 3pc 1990 | 91[illegible] | –[illegible] | 3.29 | 8.34 |
| 100[illegible] | 93[illegible] | Treas 8¼pc 1987-90‡‡ | 99[illegible] | –[illegible] | 8.26 | 8.29 |
| 105 | 97[illegible] | Treas 10pcCv 1990 | 103[illegible] | –[illegible] | 9.69 | 8.88 |
| 89[illegible] | 81[illegible] | Exch 2½pc 1990 | 88[illegible] | –[illegible] | 2.82 | 6.12 |
| 110[illegible] | 103[illegible] | Treas 11¾pc 1991 | 108[illegible] | –[illegible] | 10.82 | 8.91 |
| 95[illegible] | 87[illegible] | Funding 5¾pc '87-91‡‡ | 94[illegible] | –[illegible] | 6.06 | 7.30 |
| 89[illegible] | 80[illegible] | Treas. 3pc 1991 | 88[illegible] | –[illegible] | 3.39 | 6.34 |
| 110[illegible] | 100[illegible] | Treas 10pc Cv '91 ‡‡ | 107[illegible] | –[illegible] | 9.29 | 7.77 |
| 109[illegible] | 101[illegible] | Exch 11pc 1991 | 107[illegible] | –[illegible] | 10.23 | 8.87 |
| 116[illegible] | 108[illegible] | Treas 12¾pc 1992‡‡ | 114[illegible] | –[illegible] | 11.18 | 8.98 |
| 106[illegible] | 97[illegible] | Treas 10pc 1992 | 104[illegible] | –[illegible] | 9.61 | 8.91 |
| 49[illegible] | 46[illegible] | Treas. 8pc 1992 ‡‡(50pd) | 46[illegible] | –[illegible] | 8.15 | 8.47 |
| 108[illegible] | 99[illegible] | Treas 10½pc Cv 1992‡‡ | 106[illegible] | –[illegible] | 9.90 | 8.93 |
| | | **Five to Fifteen Years** | | | | |
| 115[illegible] | 106[illegible] | Exch 12¼pc '92 | 113[illegible] | –[illegible] | 10.84 | 9.05 |
| 121[illegible] | 111[illegible] | Exch 13½pc 1992 | 118[illegible] | –[illegible] | 11.43 | 9.08 |
| 107[illegible] | 97[illegible] | Treas 10pc 1993‡‡ | 104[illegible] | –[illegible] | 9.56 | 8.96 |

[illegible]

## BRITISH FUNDS—Contd

### Index-Linked

[illegible]

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

### Building Societies

[illegible]

### Public Board and Ind.

[illegible]

### Financial

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## FOREIGN BONDS & RAILS—Contd

[illegible]

## AMERICANS

[illegible]

Continued on next page

[illegible]

## Money Market Bank Accounts

[illegible]

## Money Market Trust Funds

[illegible]

### UNIT TRUST NOTES

[illegible]

# LONDON SHARE SERVICE

## AMERICANS—Continued

| 1987 High | Low | Stock | Price £ | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30¼ | 22⅝ | Sara Lee $1 | 26⅞xd | +⅞ | $1.00 | — | 2.3 |
| 11⅞ | 8⅝ | Saul (B. F.) $1 | 9¼ | +⅛ | 20c | — | 1.3 |
| 26⅛ | 19⅞ | Southwestern Bell $1 | 23⅛ | +⅛ | h$2.32 | — | 6.2 |
| 17¾ | 14¼ | Staley Continental | 16⅛ | +⅛ | 80c | — | 3.0 |
| 44⅞ | 36⅝ | Sun Co. Inc. $1 | 39⅞ | +⅞ | $3.00 | — | 4.6 |
| 37 | 28½ | TRW Inc. $1¼ | 31½ | +1⅛ | h$1.60 | — | 3.1 |
| 31 | 25⅞ | Tenneco $5 | 28¼ | +⅞ | $3.04 | — | 6.5 |
| 187½ | 149½ | Do 10pc Ln Stk. 91-5 | 182½xd | | 10% | — | 5.6 |
| 26¼ | 17⅞ | Texaco $6.25 | 23¼xd | +¼ | $3.00 | — | 7.9 |
| 58⅞ | 47¼ | Time Inc. $1 | 58⅛ | +1⅛ | $1.00 | — | 1.1 |
| 14½ | 11 | Tracor $0.33 | 12 | | 40c | — | 2.0 |
| 24⅝ | 18⅞ | Transamerica $1 | 20¼xd | +⅛ | $1.76 | — | 5.3 |
| 11⅛ | 922p | Transworld Corp $5 | 10⅞ | −⅛ | 20c | — | 1.1 |
| 42¼ | 29¼ | TRINOVA Corp. | 41⅞ | +1⅞ | h$1.00 | — | 1.5 |
| 19⅝ | 15⅛ | ♦USX $1 | 19 | +¼ | $1.20 | — | 3.9 |
| 18¼ | 15⅞ | Union Carbide $1 | 17⅞ | +⅞ | $1.50 | — | 5.1 |
| 35⅞ | 26⅞ | Utd. Technologies | 28⅛ | +⅛ | $1.40 | — | 3.0 |
| 38⅝ | 27 | US West | 30½ | +1⅛ | $3.28 | — | 6.6 |
| £22⅞ | £20½ | Whirlpool $1.0 | £22¼ | +¼ | — | — | — |
| 33⅞ | 26 | ♦Woolworth $3½ | 30⅞ | +1⅞ | $1.32 | — | 2.6 |

## CANADIANS

| 1987 High | Low | Stock | Price £ | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 20½p | 10p | ♦Abbot Energy Corp. | 20½p | | — | — | — |
| 25¼ | 10⅛ | ♦Amer Barrick Res. | 22½ | +1 | — | — | — |
| 955p | 360 | Armeno | 951p | | — | — | — |
| 19⅛ | 14⅞ | Bk Montreal ¶ | 15½ | +⅞ | $2.00 | — | 5.9 |
| 10½ | 745p | Bk. Nova Scot.¶ | 826p | +22 | 72c | — | 4.0 |
| 20⅞ | 18 | BCE ¶ | 19½ | +⅞ | $2.40 | — | 5.7 |
| 960p | 712p | ♦Bow Valley¶ | 860p | +22 | 40c | — | 2.1 |
| 19¼ | 12⅝ | ♦Brascan¶ | 15½ | −⅛ | 88c | — | 2.6 |

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Cont

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY AND STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INDUSTRIALS—Continued

## INSURANCES

# LONDON SHARE SERVICE

## INSURANCES—Continued

| 1987 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 331½ | 305 | PWS Holdings 10p | 325 | ..... | †q9.25 | 2.9 | 3.9 | 12.1 |
| 389 | 316 | Pearl Group 5p | 362 | −4 | 10.5 | — | 4.0 | — |
| 953 | 804 | Prudential | 932 | −1 | 29.0 | — | 4.3 | — |
| 518 | 433 | Refuge 5p | 500 | −3 | 15.75 | — | 4.3 | — |
| 531 | 423 | Royal | 463xd | −6 | h15.5 | — | 4.6 | — |
| 344 | 288 | Sedgwick Group 10p | 301 | +1 | 12.0 | 1.7 | 5.5 | 12.9 |
| 289 | 207 | Steel Burrill J.10p | 260 | | 9.0 | 2.0 | 4.7 | 14.5 |
| 505 | 403 | Stewart Wr. 20p | 445 | ..... | 13.0 | 2.0 | 4.0 | 15.8 |
| 468 | 377 | Sturge Hldgs 20p | 444 | −6 | †h6.0 | 2.5 | 1.9 | 28.9 |
| 895 | 645 | Sun Alliance | 864 | −1 | 29.5 | — | 3.2 | — |
| £12¼ | 929 | Sun Life 5p | £11¼ | ..... | 28.5 | — | 3.4 | — |
| 669½ | £39 | Taisho M. EDR | £56¼ | +1¼ | Q10% | — | 0.8 | — |
| £21¼ | £14¾ | Torchmark $1.00 | £16¾ | +½ | Q60c | — | 2.2 | — |
| 335 | 295 | Trade Indemnity | 335 | ..... | 4.3 | — | 1.8 | — |
| £34 | £29¾ | Travelers $2.25 | £26¾ | +½ | $2.28 | — | 5.2 | — |
| £32½ | £20¾ | USLIFE Corp. $1.0 | £23¾ | +⅛ | Q$1.20 | 3.2 | 3.2 | 5.1 |
| 723 | 555 | Utd Friendly B 10p | 713xd | | 21.0 | — | 4.0 | — |
| 464 | 367½ | Willis Faber 12½p | 450 | +2 | 10.75 | 1.9 | 3.3 | 22.6 |
| 68 | 41 | Windsor Secs. 10p | 68# | | †0.7 | 1.5 | 1.4 | 62.7 |

## LEISURE

| 1987 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 38½ | 17½ | A & M Group 10p | 37½ | −1 | 0.4 | 2.0 | 3.1 | 21.9 |
| 83½ | 69 | A-R TV Pref. £1 | 83½ | ..... | 5.95 | 48.1 | 11.7 | — |
| 259 | 189 | Airtours 10p | 238 | −1 | R5.4 | 2.5 | 3.2 | 17.3 |
| 549 | 302 | Anglia TV | 418 | −10 | g11.25 | 3.3 | 3.7 | 11.6 |
| 184 | 108 | Asphalt Hldgs. 10p | 175 | −5 | 6.0 | 1.2 | 4.7 | 24.0 |
| 103 | 63 | Avesco 1p | 99 | | L0.5 | 6.6 | 0.7 | 25.4 |
| 48 | 40 | BCE Hldgs 5p | 44 | +2 | Rd1.0 | 3.0 | 3.1 | 14.6 |
| 195 | 132 | Barr & W.A.T. 'A' | 176 | ..... | 8.0 | ◆ | 6.2 | ◆ |
| 207 | 165 | Boosey & Hawkes | 205 | −2 | — | — | — | — |
| 63 | 45 | Border T.V. | 59 | ..... | †g2.5 | 3.2 | 5.8 | 14.8 |
| 306 | 79½ | Brent Walker 10p | 285xd | −1 | g8.5 | 2.2 | 4.8 | 13.8 |
| 257 | 110 | Campari Int. 20p | 221 | +4 | 3.0 | 5.1 | 1.9 | 11.3 |
| 255 | 211 | Castle Comms. 5p | 235 | ..... | R7.8 | 2.2 | 3.9 | 16.2 |
| 211 | 127 | Capital Radio 10p | 176 | ..... | †15.0 | 1.8 | 3.9 | 19.1 |
| [illegible] | | | | | | | | |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PAPER, PRINTING—Continued

| 1987 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 100 | 83 | Moss Advertising 5p | 86 | ..... | dL2.45 | 1.2 | [illegible] | [illegible] |
| 161 | 113 | Norton Opax 10p | 159 | −1 | u4.0 | 2.7 | [illegible] | [illegible] |
| £24½ | £17¼ | Ogilvy Group $1 | £18⅞ | +⅞ | Q84c | — | [illegible] | [illegible] |
| 99 | 57 | Olives Paper 20p | 84 | −2 | — | — | — | [illegible] |
| 336 | 291 | Osborne & Little 5p | 331 | −1 | †3.0 | 4.3 | [illegible] | [illegible] |
| 80 | 53 | Oxley Communications | 78 | ..... | 1.25 | 1.0 | [illegible] | [illegible] |
| 160 | 78 | Peters (Michael) | 152 | ..... | †2.6 | 2.4 | [illegible] | [illegible] |
| 699 | 533 | Saatchi 10p | 680xc | −4 | †h12.14 | 2.2 | [illegible] | [illegible] |
| 138½ | 112½ | Do. 6.3pcCnvPrf£1 | 124 | | 6.3% | — | [illegible] | [illegible] |
| 752 | 412½ | St Ives 10p | 750 | +5 | †h4.5 | 5.6 | [illegible] | [illegible] |
| 152¾ | £38½ | Scott Paper | £42¼ | +1¼ | Q$1.12 | — | [illegible] | [illegible] |
| 530 | 333 | Shandwick 2p | 530 | ..... | †4.22 | 4.0 | [illegible] | [illegible] |
| 351 | 248 | Smith (David S.) 20p | 351 | +4 | †4.2 | 3.0 | [illegible] | [illegible] |
| 483 | 313 | Smurfit (Jeffsn.) | 470xd | +5 | Q22.2% | ◆ | [illegible] | [illegible] |
| 103 | 76 | Specer Planning Servs. | 76 | ..... | F1.2 | 2.9 | [illegible] | [illegible] |
| 98 | 85 | Sterling Publishing 5 | 98 | +3 | 2.0 | 2.2 | [illegible] | [illegible] |
| 170 | 115 | TMD Advertising | 168 | −2 | 2.0 | 3.7 | [illegible] | [illegible] |
| 91 | 57 | Thorpac Group 2½p | 69 | −2 | h0.83 | 2.6 | [illegible] | [illegible] |
| 305 | 193 | Trade Promotion 10p | 300 | ..... | †14.35 | 2.4 | [illegible] | [illegible] |
| 263 | 199 | Usher Walker 10p | 261 | ..... | 8.05 | 2.4 | [illegible] | [illegible] |
| 292 | 150 | Valin Pollen Int 5p | 285 | ..... | 1.5 | 5.9 | [illegible] | [illegible] |
| 658 | 407 | WCRS Group 10p | 653xr | −4 | †g4.25 | 5.3 | [illegible] | [illegible] |
| £10¾ | 548 | WPP Group 10p | £10⅝ | −⅛ | 3.2 | ◆ | [illegible] | [illegible] |
| 158 | 69 | Wace Group 20p | 158 | +10 | — | — | — | [illegible] |
| 325 | 190 | Waddington (J.) | 325 | +2 | †g5.2 | 2.1 | [illegible] | [illegible] |
| 410 | 252½ | Watmoughs | 410 | ..... | h6.5 | 2.3 | [illegible] | [illegible] |
| 247 | 165 | Wiley Mackay-Lewis10p | 247 | ..... | R4.0 | 3.0 | [illegible] | [illegible] |
| 189 | 139 | Yellowhammer 5p | 187 | +5 | d1.6 | 4.3 | [illegible] | [illegible] |

## PROPERTY

| 1987 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 125 | 74 | Allied London 10p | 188 | ..... | †1.75 | 3.0 | [illegible] | [illegible] |
| 153 | 73 | Apex. Props. 10p | 135 | ..... | ф0.7 | 4.8 | [illegible] | [illegible] |
| 269 | 185 | Arlington Sec 10p | 269 | ..... | G2.2 | 4.1 | [illegible] | [illegible] |
| 583 | 340 | Asda Property 20p | 575xd | +2 | 3.5 | ◆ | [illegible] | [illegible] |
| 18 | 7 | Austmark Int | 12 | ..... | — | — | [illegible] | [illegible] |
| [illegible] | | | | | | | | |

### For Edmond Hldgs see Builders

[illegible]

### For Prop & Reversionary see London Prop & Rev

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES—Cont.

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## FINANCE, LAND—Cont.

[illegible]

### Finance, Land, etc

[illegible]

### For Brent Inv see Tyndall Hldgs

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Continued

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## THIRD MARKET

| 1987 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |
| 35 | 28 | Aberdeen Am Pet 10p | 31 | ..... | — | — | — | — |
| 125 | 110 | Allied Ins. Brokers | 123 | ..... | L3.5 | 2.5 | 4.0 | 14.3 |
| 15½ | 9 | Ardmore Pet. 'A' | 15 | +1 | — | — | — | — |
| 77 | 45 | Catalyst Comms. 5p | 74 | −3 | — | — | — | — |
| 98 | 47 | Corton Beach 10p | 88xd | +2 | 0.4 | ◆ | 0.6 | ◆ |
| 178 | 150 | Crown Eyeglass 5p | 165 | ..... | — | — | — | — |
| 225 | 102 | Edenspring Investment | 225 | ..... | | — | — | — |
| 62 | 29 | Eglinton Oil Ir.5p | 34 | +2 | — | — | — | — |
| 41 | 17 | Do. Warrants | 20 | ..... | — | — | — | — |
| 53 | 17 | Publishing Hldgs.5p | 51 | −1 | — | — | — | 29.5 |
| 58 | 45½ | Theme Holdings | 46 | ..... | 1.0 | ◆ | 3.0 | ◆ |
| 140 | 111 | Unit Group | 140# | ..... | R4.6 | 2.5 | 4.5 | 10.0 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv 20p | 78 | ..... | Fin. 13% 97/02 | £111 | ..... |
| Craig & Rose £1 | £16¼ | ..... | Arnotts | 333 | ..... |
| Finlay Pkg. 5p | 84 | −1 | CPI Hldgs | 59 | ..... |
| Holt (Jos) 25p | 945 | ..... | Carrol Inds. | 140 | −3 |
| Ioll Stm. £1 | 118 | ..... | Dublin Gas | 18 | ..... |
| | | | Hall (R. & H.) | 104 | +4 |
| IRISH | | | Heiton Hldgs. | 38 | ..... |
| Fund 11¾% 1988 | £100⅛ | ..... | Irish Ropes | 162 | ..... |
| Nat. 9¾% 84/89 | £98⅛ | ..... | Unidare | 385 | ..... |

## TRADITIONAL OPTIONS

### 3-month call rates

| | | | |
|---|---|---|---|
| **Industrials** | p | NEI | 8 |
| Allied-Lyons | 36 | Nat West Bk | 55 |
| Amstrad | 16 | P & O Dfd | 55 |
| BAT | 47 | Plessey | 20 |
| BOC Grp | 42 | Polly Peck | 20 |
| BSR | 12 | Racal Elect | 20 |
| BTR | 30 | RHM | 30 |
| Babcock | 19 | Rank Org Ord | 55 |
| Barclays | 47 | Reed Intnl | 42 |
| Beecham | 48 | STC | 20 |
| Blue Circle | 62 | Sears | 12 |
| Boots | 25 | TI | 55 |
| Bowaters | 37 | TSB | 8 |
| Brit Aerospace | 58 | Tesco | 42 |
| Brit. Telecom | 28 | Thorn EMI | 58 |
| Burton Ord | 25 | Trust Houses | 20 |
| Cadburys | 22 | Turner Newall | 24 |
| Charter Cons. | 30 | Unilever | 150 |
| Comm Union | 29 | Vickers | 55 |
| Courtaulds | 35 | Wellcome | 50 |
| FNFC | 20 | **Property** | |
| Gen Accident | 80 | Brit Land | 17 |
| GEC | 18 | Land Securities | 30 |
| Glaxo | 110 | MEPC | 32 |
| Grand Met | 40 | Peachey | 30 |
| GUS 'A' | 100 | **Oils** | |
| Guardian | 85 | BOM | 3½ |
| GKN | 30 | Brit Petroleum | 60 |
| Hanson Tst | 15 | Burmah Oil | 38 |
| Hawker Sidd | 50 | Charterhall | 4 |
| ICI | 80 | Premier | 4 |
| Jaguar | 52 | Shell | 75 |
| Ladbroke | 40 | Tricentrol | 21 |
| Legal & Gen | 25 | Ultramar | 17 |
| Lex Service | 35 | **Mines** | |
| Lloyds Bank | 48 | Cons Gold | 65 |
| Lucas Inds | 55 | Lonrho | 24 |
| Marks & Spencer | 18 | Rio T Zinc | 65 |
| Midland Bk | 55 | | |
| Morgan Grenfell | 35 | | |

A selection of Options traded is given on the London Stock Exchange Report Page.

# LONDON STOCK EXCHANGE

| Option | | | |
|---|---|---|---|
| *First Dealings | Declarations | Last Dealings | Account Day |
| May 11 | May 28 | May 29 | Jun 8 |
| Jun 1 | Jun 11 | Jun 12 | Jun 22 |
| Jun 15 | Jun 25 | Jun 26 | July 6 |

Account Dealing Dates

* New time dealings may take place from 9.00 am two business days earlier.

# Opinion poll rumours bring nervous setback in shares and Government securities

There was a whiff of brimstone in the UK security markets yesterday afternoon. when both Government bonds and equities sharply extended earlier losses as bearish rumours swirled around the City.

The most keenly felt was the rumour that a Marplan opinion poll, to be published today, would show a further shrinking in the Government's lead, already indicated in polls published on Thursday morning. But there was no shortage of other un-nerving stories—ranging from impending resignations at the US Federal Reserve Board to hints that a UK primary dealer might withdraw from the Gilt-edged market.

The equity sector, which had been struggling all day to resist the bearish influence of the polls, headed downwards sharply in late afternoon, taking the FT-SE index more than 30 points lower before rallying. Gilts dropped by 1½ points before also steadying.

The final reading on the FT-SE 100 index showed a net fall of 21.2 points at 2214.2. The FT Ordinary index, at 1724.6, lost 15.0.

However, the session was not entirely bleak. Shares opened higher, albeit briefly, as the overnight strength of both Tokyo and New York, together with a firm dollar and a weak pound, brought early gains in the international stocks—often reflecting nothing more than a mark-up in UK prices to match ADR quotations in New York.

Foreign interest soon dwindled, except in a few selected stocks, and the market fell away, with the FT-SE down 14 points before the rumour mills got to work. A dull start on Wall Street further discouraged the UK blue chips at the close.

A major factor in the setback was the reversal in bank stocks, which dropped heavily as the analysts took another look at Brazil's proposals to resume some debt interest payments.

Elsewhere in equities, selling was moderate and traders reported some buying support when prices hit the bottom of the day's range.

Among the internationals, Imperial Chemical Industries started the day firmly but closed lower. British Gas, the market's favourite "election stock," turned down. Two bright features however were Glaxo and Jaguar—both retaining the support of overseas buyers.

With the pound weak on the UK opinion polls, UK Government bonds were friendless from the opening. Light selling sent prices down by ½ point until the rumours in mid-afternoon brought a sharp setback on increased selling.

The Gilts market is unsettled by the hint of a "hung Parliament" in the UK, which would threaten the prospects for the 8½ per cent bond yields on which the City has set its sights. Price falls of 1½ yesterday took long dated bond yields to just under 9 per cent.

Good vibes from Allied Lyons' transatlantic presentation of Hiram Walker's operations caused analysts to upgrade this year's profit forecasts for the group. But London investors were in no mood to chase the stock higher, preferring to await better buying opportunities, and the price wilted. Another deterrent was the late uncertainty which shrouded all equity sectors and the shares closed 9 down at 420p.

A reappraisal of Brazil's statement that it is prepared to resume interest repayments of half of its outstanding loans brought the major clearing banks back to reality after the previous day's sharp gains which apparently followed a misinterpretation of Brazil's intentions.

Prices came sharply from the outset and final quotations were around the lowest of the day. Barclays, at 534p, lost Wednesday's gain of 25, while Lloyds dipped 8 to 543p and Midland fell 34 to 630p. Elsewhere, Merchant Bank Hill Samuel shed 10 to 492p following the mildly disappointing annual results.

Yesterday saw the introduction to the market of Swaziland citrus growers United Plantations Africa: the price opened at 70p and moved up to 85p prior to closing at 83p. Rolls-Royce settled 5 lower at 136p: the company yesterday reiterated that the level of foreign-owned shares must not rise above the 15 per cent limit.

Leading Building issues showed little alteration overall and market makers remarked that the undertone was still firm. Redland were an active market as the company sought to increase its holding in its Australian associate Monier from its current 49.9 per cent; Redland has stated that it has no intention of acquiring all the outstanding Monier shares, currently the subject of a bid battle between CSR and Equiticorp Tasman. Redland settled 10 pence cheaper at 520p. RMC were a resilient market and closed a shade dearer at 943p, but Tarmac drifted off to close 9 cheaper at 568p. Taylor Woodrow gave up 10 to 422p despite a broker's visit to the company. Anglia Secure Homes gained 20 to 455p following the interim results and details of the proposed acquisition of Norwich-based building concern Retirement Appreciation; ASM has announced an £8m rights issue in connection with the purchase. J. Jarvis were marked up 25 to 800p following a bid from Brookville Securities of 750p per share. Demand in restricted markets lifted Henderson Group 12 to 254p and Polypipe 12 to 288p.

Amersham International were a few pence better ahead of next Monday's annual results, and close 2 higher at 628p.

| FINANCIAL TIMES STOCK INDICES | June 4 | June 3 | June 2 | June 1 | May 29 | Year ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 91.81 | 92.26 | 92.47 | 92.49 | 92.43 | 91.52 | 93.32 (8/5) | 84.49 (6/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 98.24 | 98.21 | 98.33 | 97.99 | 98.06 | 96.84 | 98.54 (13/5) | 90.23 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1724.6 | 1739.6 | 1724.3 | 1,730.7 | 1,712.1 | 1,332.6 | 1,739.6 (3/6) | 1,320.2 (2/1) | 1,739.6 (3/6/87) | 49.4 (26/6/40) |
| Gold Mines | 389.0 | 389.7 | 380.2 | 378.6 | 388.6 | 217.6 | 485.0 (14/4) | 288.2 (19/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 3.30 | 3.28 | 3.30 | 3.30 | 3.38 | 4.17 | | | | |
| Earnings Yld.%(full) | 7.95 | 7.91 | 7.95 | 7.97 | 8.11 | 10.31 | | | | |
| P/E Ratio (net) (*) | 15.52 | 15.59 | 15.45 | 15.43 | 15.17 | 11.87 | | | | |
| SEAQ Bargains (5 pm) | 44,836 | 41,645 | 47,464 | 49,400 | 53,598 | — | | | | |
| Equity Turnover (£m) | — | — | — | 1914.04 | 1,714.58 | 497.96 | | | | |
| Equity Bargains | — | — | — | 56,406 | 59,651 | 21,573 | | | | |
| Shares Traded (ml) | — | — | — | 599.2 | 778.6 | 243.8 | | | | |

| S.E. ACTIVITY Indices | June 3 | June 2 |
|---|---|---|
| Gilt Edged Bargains | — | — |
| Equity Bargains | — | — |
| Equity Value | — | — |
| 5-Day Average | | |
| Gilt Edged Bargains | — | — |
| Equity Bargains | — | — |
| Equity Value | — | — |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1736.3 | 1741.6 | 1733.8 | 1729.9 | 1731.5 | 1730.9 | 1731.5 | 1722.8 |

Day's High 1745.9. Day's Low 1715.3. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.21.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Equity Turnover, Equity Bargains and Shares Traded figures were unavailable from the Stock Exchange for June 2nd and 3rd.

Easier conditions prevailed throughout Stores. Among leading counters, Woolworth fell 17 to 862p, while further consideration of the preliminary figures left Storehouse another 8 off at 286p. Coats Viyella dipped 11 to 650p despite an encouraging note from BZW, with sporadic profit-taking left recently-favoured Martin Ford and Alfred Preedy down some 7 apiece to 130p and 165p respectively. Lower values also prevailed in Body Shop, 800p, and Dunhill, 695p reflecting a further examination of Wednesday's trading statements. In contrast, Pentos hardened a few pence to 127p helped by a "strong buy" recommendation from securities house Morgan Grenfell. Dealings in Goodman Brothers were suspended at 63p in the late afternoon—a gain of 5 on the day—pending an announcement.

Electrocomponents chose the wrong day to announce highly satisfactory interim figures and a scrip issue. The accompanying statement was also optimistic but the shares dipped 22 to 483p. Also lower were INSTEM, down 15 at 125p, and Wordplex, which gave up 7 at 123p. Micro Focus lost 11 to 187p and Humberside Electronic dipped 5 to 48p, but a tipsheet recommendation lifted Circaprint 17 to 180p. Western Selection advanced 7 to 120p and Security Tag Systems rose 13 to 243p. Stone International were suspended, pending an announcement, at 110p, down 5. Leading stocks went lower with other blue chips.

TI advanced 5 more to 359p, after 365p, on reflection of the sale of its Creda domestic appliance business to GEC. Other Engineering stocks to gain ground included Edbro, 6 up at 221p, and IMI, finally 5½ dearer at 237p.

Activity among Foods was substantial reduced from recent levels. Nevertheless, dealers reported an active business in Tate and Lyle which attained a peak of 842p before settling 10 up on balance at 835p; buyers were encouraged by persistent talk of encouraging notices emanating from a broker's seminar, but the market in the shares was described as "extremely thin" in the wake of reported sizeable purchases on Wednesday by Kleinwort Grieveson. Dee Corporation, dull of late amid speculation that Associated British Foods is preparing to sell its stake in the company, closed a shade lower at 239p following news of the £60m Convertible euro-bond.

Second-line Foods provided a couple of noteworthy features in Northumbrian, 9 better at 141p in front of next Monday's preliminary figures, and John Perkins, 11 to the good at 76p.

Hotels gave ground. Kennedy Brook closed 11 off at 361p following the £35m purchase of the Heritage chain from Oriflame, 15 down at 315p; Heritage comprises 7 hotels under the Prince of Wales banner, and another 4 which are operated by Oriflame's Goldsmiths subsidiary.

Leading miscellaneous industrials lacked a decided trend. Pharmaceutical issues were highlighted by Glaxo which attracted international support and improved ⅜ to £16⅝. Wellcome, however, dipped 9 to 442p, while Boots shed a few pence to 291½p. Elsewhere, Reed International, a firm market initially following favourable comment on the full-year figures, succumbed to occasional offerings and settled 8 lower on balance at 454p. Extel fell 9 to 469p as United Newspapers appeared poised to gain control of the sport and financial information service. Absence of takeover developments left Bridon 4½ cheaper at 229p: the company has recently been touted as a possible bid target with Lonrho and Williams Holdings mentioned as likely predators. Favourable comment helped Nash Indusries rise 3 to 250p; the interim results are scheduled for next Tuesday.

Old takeover favourite Fairline Boats attracted support in the wake of option activity and closed 15 higher at 345p. First Leisure were persistently bought and closed 22 higher at 591p. TV shares turned back with Thames losing 21 at 404p and Yorkshire 26 at 295p.

Jaguar staged a tentative rally on more favourable currency movements, but the two outstanding Motor features were again Lucas Industries and Airflow Streamlines. Continuing speculation of an impending reorganisation found stock in short supply and the shares bounded ahead 10 more to 635p, the highest level this year. Airflow Streamlines spectacular advance which began a week ago, continued leaving the price a further 13 up at 143p: since Monday's impressive results the stock has been given a generous reratting. Among Distributors Hartwell were unable to sustain early firmness and after reaching 123p turned back to end 2 dearer on the day at 119p.

The possibility of a substantial cash offer generated fresh enthusiasm for Associated Book Publishers, up 28 more for a two-day rise of 135 to 408p. Wace replied to a confident annual meeting—the chairman confirmed that dividend payments will be resumed later this year after an interval of six years—with a rise of 10 to 158p. Elsewhere, Gibbon Lyons gave back part of the previous session's sharp advance, closing 15 lower at 130p, but Jarvis Porter went 7 better to 175p as an optimistic statement outweighed slightly lower pre-tax profits.

Recently-firm Properties encountered profit-taking with Land Securities easing back to close 14 lower at 518p. MEPC shed 10 to 462p despite favourable comment on the results. Hammerson A were 11 off at 572p and Great Portland Estates 4 down at 290p. Elsewhere, Regalian rose 10 to 260p on demand ahead of the results due next Tuesday. Chesterfield gained 15 to 640p in a restricted market, but Rosehaugh gave up 24 at 944p.

A variety of speculative influences produced a strong run on Mersey Dock and Harbour units. The recent repayment of 1p per share was followed by a tipsheet view of a high asset value, and suggestions of impending property sales; the group's serious debt situation was not mentioned said a marketmaker. At one point, the price went as high as 74p but it reacted later to end a net 12½ up at 59p.

Record profits and the agreed acquisition of New Court Trust, signalled a reaction from recent peak levels in securities house Smith New Court to a close of 6 down on balance at 200p. New Court Trust rose 168 to 798p.

With the notable exception of British Gas, which settled 5 down at 180p on election jitters, leading energy stocks gave a resilient performance. BP were unchanged at 361p, while Shell were a shade dearer at £13¼. Ultramar added 3 to 242p. Elsewhere, Century Oil added a couple of pence to 203p following the annual results.

The chairman's confidence about second-half prospects failed to make up for an unexpected shortfall in Lonrho's mid-term profits. These came out at £76m compared with market estimates of £85m and the upshot was that the shares reacted 13 to 285p. Paterson Zochonis also weakened, losing 33 to 383p, following the warning that profits for the latter half-year will be adversely affected by weakness in the Nigerian exchange rate.

Gold shares met good demand from the Cape and from Continental sources. Outstanding issues were Vaal Reefs and FS Geduld.

Demand for Traded Options was much more evenly split than of late. Total contracts transacted amounted to 52,014—made up of 28,225 calls and 23,789 puts. Illustrating the trend in the underlying securities, the FT-SE 100 index contributed 1,956 calls and 6,431 puts, 3,102 of which were struck in the June 2,000 series. Elsewhere, attention again centred on British Gas with 3,590 calls and 4,834 puts done; most of the latter were struck in the July 155s with 2,242 trades and the October 145s with 1,000 trades.

## Traditional Options

- First dealings May 18
- Last dealings June 5
- Last declaration August 20
- For Settlement Sept 1

For rate indications see end of Unit Trust Service

Included among calls were FNFC, Energy Capital, Camford, Trimoco, NEI, Ellis and Goldstein, Christy Hunt, Cronite, Bula Resources, Common Brothers, AIM, Fairline Boats, Sycamore, Wace, Wordplex, Rotaprint, Airsprung, Property Trust, Atlantic Resources, Delyn Packaging. Double options Fairline Boats.

## NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (134)

BRITISH FUNDS (1), LOANS (1), AMERICANS (2), CANADIANS (1), BANKS (2), BREWERS (1), BUILDINGS (7), CHEMICALS (1), STORES (3), ELECTRICALS (6), ENGINEERING (7), FOODS (2), INDUSTRIALS (19), INSURANCE (2), LEISURE (1), MOTORS (7), NEWSPAPERS (3), PAPER (6), PROPERTY (10), TEXTILES (2), TRUSTS (43), OILS (6), PLANTATIONS (1).

NEW LOWS (6)

ELECTRICALS (1) Pericom, INDUSTRIALS (1) RCO. TRUSTS (2) F & C Eurotrust, Paribas French Investment Trust, OVERSEAS TRADERS (1) REA Hldgs, MINES (1) Minoil.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 16,000 | 181 | −2 | Ladbroke | 1,000 | 427 | −10 |
| Allied Lyons | 3,490 | 420 | −9 | Land Securities | 1,800 | 518 | −14 |
| Amstrad | 6,500 | 202 | −5 | Legal & Gen. | 1,000 | 327 | — |
| Argyll Group | 737 | 458 | −9 | Lloyds Bank | 2,300 | 535 | −25 |
| Assoc. Brit. Foods | 451 | 398 | −6 | Lonrho | 4,750 | 285 | −13 |
| BAT | 2,300 | 579 | −2 | MEPC | 1,500 | 462 | −10 |
| BET | 2,080 | 279 | −6 | Marks & Spncr | 2,400 | 246½ | −4½ |
| BOC | 1,500 | 465 | −5 | Midland Bank | 1,500 | 630 | −34 |
| BPB Inds | 420 | 796 | −9 | NatWest Bank | 717 | 673 | −14 |
| BPCC | 2,400 | 300 | +1 | Next | 453 | 334 | −4 |
| BTR | 3,800 | 334 | +2 | Pearson | 573 | 624 | −6 |
| Barclays | 2,700 | 534 | −26 | P & O | 406 | 690 | −1 |
| Bass | 366 | 987 | −12 | Pilkington Bros | 1,100 | 878 | −8 |
| Beecham | 1,900 | 550 | −4 | Plessey | 9,200 | 205 | −8 |
| Blue Circle | 943 | 473 | −2 | Prudential | 656 | 932 | −1 |
| Boots | 2,100 | 129½ | −5 | Racal | 1,500 | 245½ | −4 |
| Brit. Airways | 5,440 | 158 | — | Rank Org. | 511 | 713 | — |
| Brit. Aero | 1,300 | 590 | −7 | RHM | 282 | 319 | −3 |
| Brit. & Comm. | 707 | 431 | −3 | Reckitt & Col | 368 | £11⅝ | −⅛ |
| Brit. Gas | 17,000 | 180 | −3 | Redland | 1,900 | 520 | −10 |
| Britoil | 4,200 | 280 | −½ | Reed Intl. | 1,650 | 454 | −8 |
| BP | 4,400 | 361 | — | Reuters | 865 | 749 | +2 |
| Brit. Telecom | 10,000 | 314½ | −3½ | RMC | 133 | 943 | +5 |
| Bunzl | 1,000 | 240 | −3 | RTZ | 499 | £10⅛ | −⅛ |
| Burton | 2,500 | 325 | −1 | Rolls-Royce | 7,900 | 136 | −5 |
| Cable & Wire | 4,700 | 393 | −4 | Rowntree Mac | 546 | 523 | −5 |
| Cadbury Schwps | 1,200 | 252 | −3 | Ryl Bank Scotland | 1,000 | 359 | −3 |
| Coats Viyella | 242 | 650 | −11 | Royal Insurance | 980 | 463 | −6 |
| Comm. Union | 1,300 | 314 | −6 | STC | 884 | 314 | −3 |
| Cons. Gold | 197 | £10 1/16 | −1/16 | Saatchi & Saatchi | 224 | 600 | −4 |
| Cookson | 329 | 680 | −2 | Sainsbury | 848 | 532 | −3 |
| Courtaulds | 2,400 | 476 | −5 | Scott & Newcastle | 1,400 | 236 | −6 |
| Dee Corpn | 2,000 | 239 | −1 | Sears | 3,200 | 157 | −2 |
| Dixons Grp | 3,400 | 376 | −1 | Sedgwick | 1,600 | 301 | +1 |
| English China Clays | 971 | 489 | −5½ | Shell Trans | 1,300 | £13¼ | +1/16 |
| Fisons | 3,900 | 360 | −7 | Smith & Nephew | 2,700 | 166½ | −4 |
| Gen. Accident | 88 | 958 | −9 | Standard Chart. | 416 | 803 | −8 |
| Gen. Elect | 10,000 | 236 | −5 | Storehouse | 2,800 | 286 | −8 |
| Glaxo | 1,600 | $16⅝ | +⅜ | Sun Alliance | 293 | 868 | −1 |
| Globe Investment | 623 | 168½ | −½ | TSB | 3,100 | 89 | −2½ |
| Granada | 541 | 348 | −6 | Tarmac | 936 | 569 | −8 |
| Grand Met | 2,700 | 547 | −10 | Tesco | 1,100 | 543 | −6 |
| Gus "A" | 40 | £13¾ | — | Thorn EMI | 1,300 | 715 | −12 |
| Guardian R.E. | 143 | 928 | −10 | Trafalgar House | 512 | 366 | −6 |
| GKN | 1,000 | 328 | −6 | T'house Forte | 1,200 | 240½ | −3½ |
| Guinness | 5,750 | 364 | −3 | Unigate | 1,400 | 420 | −4 |
| Hanson Trust | 18,000 | 164½ | — | Unilever | 241 | £30¼ | — |
| Hawker Sidd | 501 | 524 | −6 | United Biscuits | 2,900 | 308 | −6 |
| Hillsdown Hldgs | 720 | 284 | −6 | Wellcome | 3,500 | 442 | −9 |
| ICI | 1,600 | £14¾ | −⅛ | Whitbread "A" | 722 | 344 | −4 |
| Jaguar | 1,300 | 529 | +10 | Woolworth | 323 | 862 | −17 |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 13 | 95 | 5 |
| Corporations, Dominion and Foreign Bonds | 4 | 19 | 42 |
| Industrials | 324 | 655 | 569 |
| Financial and Properties | 142 | 195 | 257 |
| Oils | 37 | 31 | 44 |
| Plantations | 2 | 2 | 10 |
| Mines | 30 | 53 | 105 |
| Others | 117 | 37 | 87 |
| Totals | 699 | 1,087 | 1,119 |

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thursday June 4 1987 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 27%) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Wed June 3 Index No. | Tues June 2 Index No. | Mon June 1 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (211) | 922.88 | −1.0 | 7.42 | 2.89 | 17.00 | 9.24 | 931.78 | 925.60 | 927.06 | 731.24 |
| 2 | Building Materials (27) | 1191.58 | −1.0 | 7.09 | 2.83 | 17.59 | 9.68 | 1203.58 | 1197.94 | 1199.53 | 884.71 |
| 3 | Contracting, Construction (33) | 1554.26 | −1.4 | 7.77 | 3.08 | 17.29 | 18.93 | 1575.77 | 1572.50 | 1560.00 | 1208.51 |
| 4 | Electricals (13) | 2369.92 | −1.1 | 5.64 | 3.31 | 23.82 | 31.62 | 2397.22 | 2389.41 | 2379.08 | 1949.11 |
| 5 | Electronics (36) | 2075.11 | −1.7 | 7.44 | 2.14 | 17.48 | 12.50 | 2111.69 | 2076.69 | 2077.41 | 1698.76 |
| 6 | Mechanical Engineering (59) | 496.38 | −1.0 | 8.41 | 3.49 | 15.21 | 7.22 | 501.34 | 502.22 | 502.38 | 411.94 |
| 8 | Metals and Metal Forming (7) | 505.45 | −0.1 | 7.35 | 3.00 | 16.40 | 5.36 | 505.78 | 510.14 | 511.50 | 352.97 |
| 9 | Motors (15) | 343.48 | −0.1 | 8.91 | 3.10 | 12.94 | 3.38 | 343.71 | 343.16 | 343.40 | 299.83 |
| 10 | Other Industrial Materials (21) | 1545.97 | — | 6.44 | 3.19 | 18.71 | 18.43 | 1545.30 | 1529.69 | 1547.16 | 1315.13 |
| 21 | CONSUMER GROUP (185) | 1271.34 | −0.8 | 6.22 | 2.60 | 20.70 | 11.30 | 1281.87 | 1278.58 | 1286.04 | 910.65 |
| 22 | Brewers and Distillers (22) | 1177.53 | −1.4 | 8.04 | 3.00 | 15.74 | 9.97 | 1194.48 | 1190.80 | 1193.93 | 925.46 |
| 25 | Food Manufacturing (25) | 975.65 | −0.8 | 7.12 | 3.08 | 18.30 | 11.41 | 983.32 | 981.44 | 981.50 | 671.09 |
| 26 | Food Retailing (15) | 2370.68 | −0.9 | 5.61 | 2.43 | 24.34 | 21.12 | 2391.57 | 2377.40 | 2393.65 | 1781.49 |
| 27 | Health and Household Goods (10) | 2454.90 | +0.1 | 4.01 | 1.58 | 29.23 | 8.73 | 2452.77 | 2447.19 | 2477.39 | 1532.98 |
| 29 | Leisure (31) | 1316.02 | −1.6 | 5.86 | 3.23 | 22.47 | 14.78 | 1337.31 | 1343.07 | 1339.99 | 893.25 |
| 31 | Packaging & Paper (15) | 659.09 | −0.3 | 5.96 | 2.51 | 21.85 | 5.36 | 661.09 | 662.45 | 664.19 | 465.28 |
| 32 | Publishing & Printing (14) | 3752.52 | −0.8 | 6.35 | 3.21 | 20.28 | 33.22 | 3783.35 | 3751.32 | 3746.60 | 2499.63 |
| 34 | Stores (37) | 1079.19 | −1.2 | 6.59 | 2.66 | 20.60 | 11.62 | 1092.14 | 1088.73 | 1101.38 | 887.81 |
| 35 | Textiles (16) | 761.91 | −0.3 | 8.04 | 2.93 | 14.44 | 10.56 | 764.42 | 765.04 | 763.41 | 538.55 |
| 40 | OTHER GROUPS (87) | 1093.66 | −0.7 | 7.64 | 3.09 | 16.37 | 8.72 | 1100.94 | 1096.67 | 1103.58 | 793.58 |
| 41 | Agencies (17) | 1495.46 | −0.4 | 4.68 | 1.70 | 28.22 | 9.15 | 1502.09 | 1496.11 | 1507.41 | 0.0 |
| 42 | Chemicals (21) | 1356.47 | −0.7 | 7.20 | 3.23 | 17.03 | 18.71 | 1366.64 | 1362.05 | 1343.09 | 877.57 |
| 43 | Conglomerates (11) | 1328.38 | −0.7 | 7.88 | 3.36 | 14.50 | 7.75 | 1337.56 | 1334.54 | 1379.99 | 0.00 |
| 45 | Shipping and Transport (11) | 2208.53 | — | 7.11 | 3.62 | 17.63 | 34.71 | 2207.57 | 2206.71 | 2221.77 | 1534.25 |
| 47 | Telephone Networks (2) | 1197.50 | −1.1 | 7.81 | 3.13 | 17.46 | 1.09 | 1210.63 | 1201.22 | 1209.18 | 903.39 |
| 48 | Miscellaneous (25) | 1453.06 | −0.3 | 9.06 | 3.02 | 13.22 | 17.65 | 1456.81 | 1455.53 | 1463.51 | 1037.17 |
| 49 | INDUSTRIAL GROUP (483) | 1146.62 | −0.8 | 6.91 | 2.81 | 18.36 | 10.22 | 1155.99 | 1151.44 | 1157.08 | 845.34 |
| 51 | Oil & Gas (17) | 2163.02 | +0.2 | 5.06 | 4.27 | 25.62 | 37.10 | 2158.45 | 2151.10 | 2149.91 | 1219.05 |
| 59 | 500 SHARE INDEX (500) | 1232.88 | −0.7 | 6.63 | 3.03 | 19.19 | 12.57 | 1241.03 | 1236.24 | 1241.29 | 878.50 |
| 61 | FINANCIAL GROUP(118) | 749.60 | −1.5 | — | 3.91 | — | 12.06 | 760.95 | 752.17 | 749.29 | 582.11 |
| 62 | Banks (8) | 785.44 | −3.0 | 17.76 | 4.77 | 7.45 | 15.49 | 809.73 | 788.54 | 781.36 | 606.30 |
| 65 | Insurance (Life) (9) | 1039.80 | −0.2 | — | 4.05 | — | 20.71 | 1042.40 | 1032.25 | 1018.20 | 800.56 |
| 66 | Insurance (Composite) (7) | 545.64 | −1.0 | — | 4.49 | — | 11.76 | 551.15 | 544.02 | 552.67 | 473.41 |
| 67 | Insurance (Brokers) (9) | 1215.25 | +0.3 | 8.88 | 4.43 | 14.46 | 26.32 | 1211.73 | 1213.91 | 1214.20 | 1165.15 |
| 68 | Merchant Banks (11) | 388.15 | −1.2 | — | 3.25 | — | 3.27 | 393.03 | 389.65 | 388.17 | 358.88 |
| 69 | Property (46) | 1153.46 | −1.3 | 4.03 | 2.55 | 32.11 | 8.86 | 1169.04 | 1178.02 | 1163.51 | 766.55 |
| 70 | Other Financial (28) | 482.07 | −0.4 | 6.79 | 3.22 | 18.56 | 4.82 | 484.23 | 484.12 | 483.48 | 347.07 |
| 71 | Investment Trusts (93) | 1028.91 | −0.1 | — | 2.32 | — | 9.04 | 1030.34 | 1029.13 | 1022.86 | 750.12 |
| 81 | Mining Finance (2) | 508.41 | −1.0 | 6.01 | 3.27 | 19.55 | 6.79 | 513.37 | 517.07 | 500.33 | 281.86 |
| 91 | Overseas Traders (11) | 1040.98 | −2.8 | 8.51 | 4.45 | 14.10 | 22.64 | 1071.27 | 1079.08 | 1072.26 | 674.27 |
| 99 | ALL-SHARE INDEX(724) | 1103.11 | −0.8 | — | 3.15 | — | 12.28 | 1111.82 | 1106.63 | 1108.80 | 793.90 |

| | Index No. | Day's Change | Day's High | Day's Low | June 3 | June 2 | June 1 | May 29 | May 28 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ♦ | 2214.2 | −21.2 | 2239.3 | 2202.2 | 2235.4 | 2219.6 | 2228.2 | 2203.0 | 2157.4 | 1612.6 |

## FIXED INTEREST

| | PRICE INDICES | Thurs June 4 | Day's change % | Wed June 3 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 124.39 | −0.18 | 124.61 | — | 4.86 |
| 2 | 5-15 years | 145.38 | −0.58 | 146.23 | — | 5.03 |
| 3 | Over 15 years | 155.40 | −0.84 | 156.72 | — | 5.16 |
| 4 | Irredeemables | 168.85 | −0.40 | 169.52 | — | 6.30 |
| 5 | All stocks | 141.19 | −0.51 | 141.91 | — | 5.05 |
| | Index-Linked | | | | | |
| 6 | 5 years | 122.95 | +0.27 | 122.61 | — | 0.83 |
| 7 | Over 5 years | 119.12 | +0.44 | 118.60 | — | 1.17 |
| 8 | All stocks | 119.25 | +0.42 | 118.74 | — | 1.13 |
| 9 | Debentures & Loans | 124.52 | −0.25 | 124.83 | — | 5.65 |
| 10 | Preference | 89.07 | −0.11 | 89.17 | — | 2.87 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thurs June 4 | Wed June 3 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 7.91 | 7.82 | 7.40 |
| 2 | Coupons | 15 years | 8.79 | 8.69 | 8.88 |
| 3 | | 25 years | 8.80 | 8.71 | 8.94 |
| 4 | Medium | 5 years | 8.86 | 8.75 | 8.95 |
| 5 | Coupons | 15 years | 9.03 | 8.93 | 9.22 |
| 6 | | 25 years | 9.04 | 8.93 | 9.24 |
| 7 | High | 5 years | 9.06 | 8.95 | 9.10 |
| 8 | Coupons | 15 years | 9.16 | 9.06 | 9.37 |
| 9 | | 25 years | 8.95 | 8.87 | 9.26 |
| 10 | Irredeemables † | | 8.84 | 8.80 | 8.77 |
| | Index-Linked | | | | |
| 11 | Inflat'n rate 5% | 5 yrs | 2.29 | 2.37 | 3.73 |
| 12 | Inflat'n rate 5% | Over 5 yrs | 3.59 | 3.61 | 3.29 |
| 13 | Inflat'n rate 10% | 5 yrs | 1.87 | 1.94 | 2.58 |
| 14 | Inflat'n rate 10% | Over 5 yrs | 3.50 | 3.53 | 3.14 |
| 15 | Debs & | 5 years | 9.64 | 9.56 | 10.12 |
| 16 | Loans | 15 years | 9.96 | 9.92 | 10.18 |
| 17 | | 25 years | 10.03 | 10.00 | 10.19 |
| 18 | Preference † | | 10.18 | 10.17 | 10.81 |

♦Opening index 2233.3; 10 am 2233.9; 11 am 2225.2; Noon 2219.6; 1 pm 2220.5; 2 pm 2220.5; 3 pm 2221.1; 3.30 pm 2202.7; 4 pm 2211.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

## LONDON TRADED OPTIONS

[illegible]

## LONDON RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

# WORLD STOCK MARKETS

## AUSTRIA

[illegible]

## BELGIUM/LUXEMBOURG

[illegible]

## DENMARK

[illegible]

## FINLAND

[illegible]

## FRANCE

[illegible]

## GERMANY

[illegible]

## ITALY

[illegible]

## NETHERLANDS

[illegible]

## NORWAY

[illegible]

## SPAIN

[illegible]

## SWEDEN

[illegible]

## SWITZERLAND

[illegible]

## AUSTRALIA (Continued)

[illegible]

## HONG KONG

[illegible]

## JAPAN

[illegible]

## AUSTRALIA

[illegible]

## JAPAN (Continued)

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

# CANADA

## TORONTO

*Closing prices June 4*

[illegible]

## MONTREAL

*Closing prices June 4*

[illegible]

| | | | | | |
|---|---|---|---|---|---|
| 5342 | Noverco | $13 | 12¾ | 13 | +⅜ |
| 43184 | Power Corp | $17¾ | 17½ | 17⅝ | +⅛ |
| 13450 | Provigo | $22⅞ | 22⅝ | 22⅞ | +¼ |
| 2100 | RollandA | $15¾ | 15½ | 15¾ | −⅛ |
| 59010 | Royal Bank | $33½ | 33¼ | 33¼ | +⅛ |
| 7350 | SteinbrgA | $38¼ | 27½ | 38 | +½ |

Sales 6,411,470 shares

# Indices

## NEW YORK — DOW JONES

[illegible]

## STANDARD AND POORS

[illegible]

## N.Y.S.E. ALL COMMON

[illegible]

## TORONTO

[illegible]

| | June 4 | June 3 | June 2 | June 1 | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord (1/1/80) | 1772.4 | 1776.2 | 1758.3 | 1776.2 | 1858.8 (18/5) | 1486.7 (2/2) |
| Metals & Minerals (1/1/80) | 1077.9 | 1105.0 | 1065.2 | 1113.8 | 1287.5 (18/5) | 729.1 (2/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 186.60 | 186.52 | 184.98 | 184.93 | 230.60 (2/1) | 183.43 (25/5) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/84) | 4527.60 | 4501.70 | 4535.80 | 4539.70 | 4683.0 (15/5) | 3987.86 (9/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | (u) | (u) | 205.95 | 205.67 | 217.57 (22/1) | 189.64 (6/1) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 522.5 | 519.3 | 519.0 | 516.7 | 522.5 (4/6) | 425.2 (5/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 418.30 | 416.30 | 426.80 | 430.40 | 460.4 (26/3) | 392.0 (2/1) |
| Ind Tendance (31/12/86) | 104.10 | 103.10 | 105.80 | 107.00 | 117.2 (26/3) | 97.8 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 582.99 | 580.85 | 581.13 | 589.76 | 676.84 (6/1) | 538.32 (19/3) |
| Commerzbank (1/12/53) | 1762.40 | 1757.20 | 1760.20 | 1787.60 | 2048.3 (6/1) | 1633.8 (19/3) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 3023.60 | 2985.10 | 2934.19 | (c) | 3023.60 (4/6) | 2449.88 (20/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital (1972) | 695.03 | 694.63 | 688.72 | 688.77 | 767.34 (30/4) | 673.60 (3/3) |
| **JAPAN**** | | | | | | |
| Nikkei (16/5/49) | 25366.11 | 25049.40 | 24902.63 | 24992.78 | 25366.11 (4/6) | 18544.0 (13/1) |
| Tokyo SE New (4/1/68) | 2190.35 | 2158.92 | 2147.69 | 2136.68 | 2193.75 (11/5) | 1557.46 (13/1) |
| **NETHERLANDS** | | | | | | |
| ANP CBS Gen (1970) | 287.90 | 285.00 | 285.40 | 288.70 | 293.4 (9/4) | 257.7 (28/1) |
| ANP CBS Indust. (1970) | 247.40 | 247.50 | 249.10 | 251.50 | 274.9 (5/1) | 243.7 (28/1) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 435.15 | 428.82 | 425.67 | 423.56 | 436.16 (24/4) | 361.98 (2/1) |
| **SINGAPORE** | | | | | | |
| Straits Times (30/12/66) | 1238.21 | 1239.45 | 1236.60 | 1240.50 | 1240.50 (1/6) | 889.08 (2/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | (u) | 2083.0 | 2076.0 | (c) | 2308.0 (27/4) | 1786.0 (19/3) |
| JSE Indust (28/9/78) | (u) | 1856.0 | 1846.0 | (c) | 1957.0 (19/5) | 1423.0 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 227.81 | 229.39 | 230.35 | 231.33 | 255.95 (23/2) | 202.89 (8/5) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (31/12/56) | 2635.20 | 2619.7 | 2631.80 | 2632.80 | 2782.10 (6/5) | 2111.39 (28/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Corp (31/12/58) | 584.10 | 580.20 | 579.50 | 588.40 | 603.3 (6/1) | 564.5 (25/2) |
| **WORLD** | | | | | | |
| M.S.Capital Intl. (1/1/70) | (u) | 466.50 | 464.00 | 463.10 | 476.50 (8/5) | 361.3 (2/1) |

**Saturday May 30: Japan Nikkei 24,901.59. TSE: 2,146.26.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

## TOKYO — Most Active Stocks
### Thursday, June 4, 1987

[illegible]

## NYSE-Consolidated 1500 Actives

| | Stocks Traded | 3.00p.m. Price | Change on Day | | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|---|---|---|---|
| Waste Man | 3,572,800 | 48⅛ | −2¼ | Gillette | 1,323,600 | 33 | +½ |
| Echlin MFG | 1,788,100 | 16½ | −¾ | Hanson Tr | 1,290,500 | 13⅝ | −⅛ |
| Harcurt WI | 1,667,700 | 18½ | +⅛ | MCA Inc | 1,265,800 | 48⅞ | +1⅞ |
| Barclays | 1,384,100 | 34½ | −1⅞ | Contl Data | 1,146,500 | 28⅝ | −⅝ |
| Dayton Hud | 1,324,800 | 52 | +1⅜ | Gen Elec | 1,083,000 | 53¾ | +⅛ |

Advances 671 Declines 531

## LONDON — Most Active Stocks
### Thursday, June 4, 1987

| | Stocks Traded | Closing Price | Change on Day | | Stocks Traded | Closing Price | Change on Day |
|---|---|---|---|---|---|---|---|
| Hanson Trust | 18.08m | 164½ | nch | Plessey | 9.28m | 205 | −8 |
| Brit Gas | 17.08m | 188 | −3 | TSB | 8.19m | 88 | −2½ |
| ASDA-MFI | 11.88m | 181 | −2 | Rolls Royce | 7.88m | 138 | −5 |
| Brit Telecom | 10.88m | 248 | −3 | Amstrad | 6.58m | 202 | −6 |
| Gen Elect | 10.88m | 238 | −5 | Brit Airways | 5.44m | 158 | nch |

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 47

[illegible]

# LONDON Chief price changes
(in pence unless otherwise indicated)

**RISES:**

| | | |
|---|---|---|
| ATA Selection | 78 | + 3 |
| Airfl.Streaml. | 143 | + 13 |
| Angl. Sec.Homes | 455 | + 20 |
| Assoc Book Publ. | 408 | + 28 |
| Circaprint | 180 | + 17 |
| Fairline Boats | 345 | + 15 |
| Glaxo | £16⅝ | + ⅝ |
| Goodman Bros. | 63* | + 5 |
| Jarvis (J.) | 800 | + 25 |
| Mersey Dock U. | 59 | + 12½ |
| New Court Tst. | 798 | + 168 |
| Perkins (J.) Meats | 76 | + 11 |
| Wace | 158 | + 10 |

**FALLS:**

| | | |
|---|---|---|
| Trs.13½ pc 04/08 | £138⅜ | − 1⅛ |
| Allied Lyons | 420 | − 9 |
| Barclays | 534 | − 26 |
| Electrocomp. | 483 | − 22 |
| Extel | 469 | − 9 |
| Gibbon Lyons | 130 | − 15 |
| Land Securities | 518 | − 14 |
| Lloyds Bank | 535 | − 25 |
| Lonrho | 285 | − 13 |
| Midland Bank | 630 | − 34 |
| Paters. Zochonis | 383 | − 33 |
| Plessey | 205 | − 8 |
| Smith New Court | 200 | − 6 |
| Vickers | 190 | − 10 |
| Wordplex | 123 | − 7 |

* Price at suspension

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 33 5/8 | 20 1/8 | AAR s | .50 | 1.7 | 21 | 89 | 30 1/8 | 29 1/2 | 30 | + 1/8 |
| 37 | 21 7/8 | ADT | .92 | 3.0 | 17 | 79 | 31 | 30 5/8 | 30 7/8 | |
| 27 3/4 | 16 3/4 | AFG s | .16 | .6 | 11 | 705 | 25 3/4 | 25 | 25 3/8 | − 3/8 |
| 22 3/8 | 6 5/8 | AGS s | | | 21 | 225 | 20 5/8 | 20 | 20 5/8 | + 1/2 |
| 13 | 6 3/4 | AMCA | | | | 12 | 7 7/8 | 7 7/8 | 7 7/8 | − 1/8 |
| 9 3/8 | 4 7/8 | AM Intl | | | | 432 | 6 3/4 | 6 5/8 | 6 5/8 | − 1/8 |
| 62 1/8 | 47 1/4 | AMR | | | 12 | 5085 | 57 3/8 | 55 7/8 | 56 3/4 | − 3/8 |
| 27 1/2 | 24 7/8 | ANR pf 2.67 | | 11. | | 29 | 25 3/4 | 25 1/8 | 25 1/4 | + 1/4 |
| 11 3/4 | 8 | ARX s | | | 12 | 225 | 11 | 10 5/8 | 10 5/8 | − 3/8 |
| 73 1/2 | 28 3/4 | ASA | 2a | 3.4 | | 431 | 59 1/2 | 58 3/4 | 59 3/8 | + 1/2 |
| 20 | 9 3/4 | AVX | | 1.9 | 84 | 684 | 17 | 16 7/8 | 16 7/8 | |
| 67 | 41 | AbtLab | 1 | 1.6 | 26 | 2847 | 62 1/4 | 61 | 61 7/8 | + 1/2 |
| 23 1/8 | 16 5/8 | AccoWs .44 | | 2.2 | 18 | 2429 | 20 1/8 | 19 3/4 | 20 1/8 | + 3/8 |
| 15 1/8 | 9 | AcmeC .40 | | 3.1 | 9 | 144 | 12 7/8 | 12 5/8 | 12 3/4 | |
| 8 3/8 | 6 1/8 | AcmeE .32b | | 4.0 | 31 | 16 | 8 | 7 7/8 | 8 | |
| 23 7/8 | 19 | AdaEx 3.42e | | 16. | | 41 | 21 3/8 | 21 1/4 | 21 1/4 | |
| 19 1/2 | 11 3/8 | AdmM s .24 | | 1.4 | 13 | 23 | 16 7/8 | 16 1/2 | 16 7/8 | + 5/8 |
| 21 1/2 | 12 1/8 | AdvSys.62t | | 3.0 | 15 | 132 | 20 3/8 | 19 3/4 | 20 3/8 | + 5/8 |
| 25 5/8 | 12 7/8 | AMD | | | | 3022 | 21 | 20 1/2 | 21 | + 1/4 |
| 54 3/4 | 49 3/8 | AMD pf | 3 | 5.8 | | 539 | 52 | 51 3/4 | 52 | |
| 10 3/4 | 5 1/4 | Adobe | | | | 44 | 9 3/8 | 9 1/4 | 9 1/4 | − 1/8 |
| 20 1/2 | 13 3/4 | Adob pf 1.84 | | 9.6 | | 5 | 19 1/8 | 19 1/8 | 19 1/8 | − 1/4 |
| 21 7/8 | 16 3/8 | Adob pf 2.40 | | 12. | | 1 | 20 1/2 | 20 1/2 | 20 1/2 | − 1/4 |
| 16 5/8 | 10 3/8 | Advest .12a | | 9 | 9 | 82 | 13 1/8 | 12 7/8 | 13 | |
| 68 1/4 | 53 | AetnLf 2.76 | | 4.8 | 9 | 7565 | 57 5/8 | 57 1/4 | 57 5/8 | |
| 53 5/8 | 51 7/8 | AetL pf3.75e | | 7.2 | | 86 | 52 1/4 | 52 1/4 | 52 1/4 | |
| 60 | 25 1/8 | AfilPb s .32 | | .5 | 31 | 219 | 60 | 59 3/8 | 59 3/4 | − 1/8 |
| 28 3/4 | 18 3/8 | Ahmans.88 | | 4.2 | 6 | 5808 | 20 3/4 | 19 3/4 | 20 3/4 | + 5/8 |

Continued on Page 47

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

X Y Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 61¼ | 48⅝ | Xerox | 3 | 3.9 | 19 | 9138 | 77⅝ | 75⅞ | 77⅝ | −⅛ |
| 58¼ | 54⅝ | Xerox pf | 5.45 | 9.9 | | 9 | 55 | 55 | 55 | +⅜ |
| 28¾ | 21½ | XTRA | .64 | 2.5 | | 1004 | 26⅛ | 25⅝ | 26 | +¾ |
| 24½ | 13½ | Yorkln | | | 15 | 30 | 24⅛ | 24 | 24⅛ | +⅛ |
| 6 | 2¼ | Zapata | | | | 184 | 4⅞ | 4¾ | 4¾ | |
| 43⅞ | 20¾ | Zayre s | .40 | 1.5 | 17 | 1621 | 27⅛ | 26⅞ | 27 | |
| 14¾ | 8¾ | Zemex | .40 | 2.9 | 9 | x190 | 14 | 13⅛ | 14 | +⅞ |
| 29⅝ | 18⅞ | ZenithE | | | | 1077 | u29¾ | 28⅝ | 29¾ | +1½ |
| 17½ | 8 | ZenLab | | | | 451 | 10¾ | 10½ | 10½ | −¼ |
| 19½ | 12⅝ | Zero | .36 | 2.2 | 17 | 504 | 16⅛ | 15⅞ | 16⅛ | −⅛ |
| 51¾ | 32¾ | Zurnin | 1.36 | 2.8 | 17 | 103 | 49½ | 49 | 49 | +⅛ |
| 10⅝ | 8¾ | Zweig | n.10e | 1.1 | | 1028 | 9 | 8⅞ | 9 | +⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.



# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER

*Nasdaq national market, closing prices*

Continued on Page 45

# FINANCIAL TIMES

## WORLD STOCK MARKETS

# Small gains as investors await economic news

### WALL STREET

WITH INVESTORS sitting on the sidelines waiting for more economic and political news, Wall Street stock and bond markets drifted yesterday in light trading, *writes Roderick Oram in New York.*

Bond prices edged up about ⅛ of a point on low volume while players marked time until today's data on US employment and next week's Venice summit.

A small pick-up in stock activity in the last hour left prices modestly ahead on the day. The Dow Jones industrial average closed up 16.39 points at 2,337.08. It had spent most of the day drifting a few points either side of the previous day's close.

Broader market indices displayed the same indecisiveness with the Standard & Poor's 500 index adding 1.62 to 295.09 and the New York Stock Exchange composite index closing up 0.88 at 166.15.

NYSE trading volume was 140.8m shares, making it one of the quietest normal sessions of the year although advancing issues led those declining by a margin of three-to-two.

Waste disposal stocks were hit hard by newspaper reports that 11 federal grand juries were investigating allegations of price fixing and allocation of customers and sales territories. Judicial authorities decline to name companies under investigation.

Among the companies in the sector affected by the news were Waste Management, down $2½ to $40¼ on heavy volume of more than 3.8m shares which made it the most active NYSE issue, and Browning-Ferris Industries, off $⅝ to $27¼ on over 600,000 shares.

A number of rumoured and confirmed takeover targets rose in active trading. Southland gained $⅝ to $58⅝, Gillette added $¼ to $32¾, Allegis rose $1 to $87½ and Lockheed advanced $⅞ to $51.

Sea Containers jumped $2½ to $21. The marine freight container group said this year's earnings "stand a very good chance" of being the second-best in its history. It earned a record $70m in 1984.

Some computer stocks posted strong gains. Cray Research added $2⅞ to $95⅝, Digital Equipment rose $3 to $159¼ and Hewlett-Packard, which refuted an analyst's comments about falling shipments, added $⅞ to $63.

Texas Air fell $1⅛ to $35⅞ on the American Stock Exchange. Bear Stearns took the biggest US airline company off its recommended list. Among other airline stocks, Delta slipped $¼ to $55, AMR fell $⅝ to $56⅝, NWA eased down $⅛ to $66⅞ and Trans World rose $½ to $27¾.

General Electric slipped $⅛ to $53½. Kidder Peapody, its investment banking subsidiary, agreed to pay a $20m penalty to settle civil insider trading charges and will receive $100m new capital from its parent.

Bear Stearns fell $¼ tp $16⅛. The Wall Street firm reported net profits for the year ended April 30 of $2.06 a share against $1.55 a year earlier.

Clark Consolidated Industries jumped $2⅞ to $14 on the American Stock Exchange. The distributor of electrical equipment reported first-quarter earnings of 34 cents a share against 6 cents a year earlier.

Wal-Mart, up $2⅞ to $62⅞, and Zayre, up $⅛ to $27, were among retailers reporting large increase in sales in May.

USG gained $⅝ to $37¼ on news it was spinning off its A.P. Green Refractories subsidiary.

ICN Pharmaceuticals added $¼ to $11½. It is suing Gilford Securities, a small New York securities firm, for $600m for allegedly driving down the price of its stock and that of Viratek, a subsidiary, to make short-sale profits. Gilford said it would have no comment until it had seen the suit.

Bond prices drifted little changed yesterday with, for example, the 8.75 per cent benchmark Treasury long bond edging up 1/32 of a point to 100¼ to yield 8.72 per cent. Other maturities showed proportional gains.

### CANADA

STRONG RESOURCE issues and recovered golds helped Toronto prices to moderate gains in slow trade.

In golds, which have see-sawed with the bullion price in recent sessions, Dome Mines pulled back C$¼ to C$19¼, Hemlo Gold improved C$½ to C$22⅝ and Echo Bay was C$⅞ higher at C$49¾.

Base metals also advanced. Cominco at C$17⅞ was C$¼ higher, Inco was C$¼ stronger at C$23½ and Falconbridge rose C$½ to C$21⅝.

Oils also found support. Imperial Oil class A shares rose C$⅛ to C$68⅞ and Shell Canada advanced C$¼ to C$46¼.

Montreal rose. Vancouver was marginally higher.

### SOUTH AFRICA

HEMMED in between a firmer bullion price and a rise in the financial rand, the restricted currency unit which determines the price of South African stocks to foreign investors, Johannesburg gold shares closed mixed.

Many leading golds gave up the previous session's gains. Vaal Reefs fell back R3.50 to R410.00, Southvall was 50 cents off at R209.00, but Randfontein managed a R1.00 advance to R460.00.

Speculative golds followed the mixed trend, with Buffelsfontein 50 cents off at R76.50 and Marievale 40 cents stronger at R5.20.

Mining houses and other mining stocks also closed mixed. Diamond De Beers fell 20 cents to R38.90, and Rustenburg platinum lost 50 cents to R56.00.

# Germany considers options market

By Haig Simonian in Frankfurt

THE POSSIBILITY of a West German market in traded equity options moved one step closer with the news yesterday that Arthur Anderson, the international accounting and consultancy group, had been commissioned by a special committee of the Frankfurt Stock Exchange to prepare a preliminary study.

The Germans have been spurred by the success of the Matif, the French financial futures market, and especially by plans to set up an equity options market in Switzerland.

The Swiss project was prepared by Arthur Anderson, which is expected to deliver its report to the Germans by the end of this month or early July.

Among questions which the committee – made up of representatives from Deutsche Bank, Dresdner Bank, Commerzbank and Deutsche Girozentrale (DGZ) – has put are: whether Germany can sustain the business; what legal and technical changes will be required; and how much a new options market will cost.

Traded options do not exist in Germany at present, and setting up a new market would require legislative changes.

On Wednesday, Mr Wolfgang Röller, chief executive of Dresdner Bank and the newly elected chairman of the Federal Association of Private Banks, sent a letter to several ministers in the federal Government putting forward the case for a new market and seeking their support.

The timing for the project, which may, at a later stage, also involve traded options on federal Government, railway and post office bonds, is still unclear.

Mr Rolf Breuer, a Deutsche Bank board member who is chairing the special stock exchange committee, suggested it would be 18 months at the very least.

● Share turnover on West Germany's eight stock markets touched its lowest level for this year in May as prices remained weak in the face of the lower dollar and foreign buyers stayed away.

Figures released by the Association of West German Stock Exchanges show that turnover of stocks and bonds in May amounted to DM 157.8bn ($87.6bn) against DM 168.9bn in April.

While bonds made up DM 102.8bn of the May total, equities only reached DM 54.9bn. That was well down on their DM 67.4bn total for April and a shade lower than the year's previous low for equity turnover in February.

The market went through a consolidation phase, according to the association. However, it points out that the daily average turnover in stocks and bonds of DM 8.3bn in May was well up on the equivalent figure of DM 8.0bn for the first quarter of 1987.

Bonds made up the bulk of business in May.

**Hugh Carnegy** on a market where equities turnover more than doubled last year

# Flourishing Dublin courts small investors

BACKED BY GROWTH in turnover from just under I£17bn ($25bn) in 1984 to nearly I£28bn last year, the Irish Stock Exchange is on an enthusiastic hunt for new investors and new companies to bring to the market.

While the economy as a whole has run into the sands, mainly due to the effects of hefty accumulated government debts, the stock exchange has undergone a boom which it wants to build on.

Partly because of the state's strong demand for funds, the Dublin market, which is affiliated to the London Stock Exchange, is dominated by government securities, or gilts. According to its recently released annual report, market capitalisation in gilts stood at I£11.1bn at the end of March, with turnover last year totalling I£25.7bn.

But turnover in equities more than doubled in 1986 to I£1.6bn. Market capitalisation of listed companies rose to I£3.8bn from I£2bn in 1985. Much of this surge is related to buoyant performance in London and elsewhere, but it could not have happened without a core of strong Irish companies bucking the domestic economic trend by expanding overseas.

Names such as Waterford Glass, Cement Roadstone, the two big banks Allied Irish and Bank of Ireland, James Crean and Independent Newspapers are among these. The biggest of all is Jefferson

> The surge could not have happened without a core of strong Irish companies bucking the trend by expanding overseas.

Smurfit, the paper, board and packaging group whose growth by acquisition in the US has lifted its share price in Dublin to around 520 Irish pence, accounting for around a quarter of the market's total capitalisation.

To help keep up the momentum, the stock exchange is out to promote itself to small investors. "You don't have to be rich to be a shareholder," says one of the many radio and newspaper advertisements it has run lately.

While the UK attractions of privatisation are absent here, the Dublin exchange feels that private Irish investors, who probably account for less than 10 per cent of all investors, have the right temperament to respond.

There is a hitch. While most exchange figures went up by leaps last year, the total number of companies in the market fell by two to 75. With exchange controls prohibiting private investors from buying foreign stocks and limiting the amount institutional investors can place abroad to 10 per cent of net cash flow, supply often does not match demand.

This has been a factor in fuelling gilts growth and in comments that Irish stocks have sometimes been overvalued.

The exchange is therefore keen to encourage smaller companies to come to the market, something they have been notably reluctant to do. A special Smaller Companies market established in March 1986 has so far attracted only one company.

"Many business people and entrepreneurs have a traditional reluctance to give up part ownership of

> "You don't have to be rich to be a shareholder," says one of the many recent radio and newspaper advertisements.

their businesses in return for equity capital," Mr Ken Beaton, the exchange's new president, said at a seminar this week. "Many would prefer to rely on bank borrowings and state aid rather than dilute ownership of their businesses."

Mr Beaton said Irish agri-business companies could benefit from coming to the market, and he also announced a plan to develop an options market in Dublin within 12 months.

In terms of rules, Dublin reacted cautiously to last October's Big Bang deregulation, embracing some but not all of the changes that occurred in London. The Government remains the sole market-maker in gilts, and so far none of the 16 member firms is a market-maker in equities.

Insider dealing in Dublin is still legal, as it is in Belfast, an anomaly that should be corrected in a new companies act later this year.

One interesting post-Big Bang contrast with London is on the floor of the exchange, which is busier than ever. With its small circle of wooden desks and its large blackboard it looks antiquated, but because it is small, it remains an efficient place to do business, according to Mr Tom Healy, the exchange's general manager.

## ASIA

# High-tech issues lead charge to record

### TOKYO

WIDESPREAD buying, with an accent on high-technology and domestic demand related stocks, took the Nikkei average to a second consecutive record close in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The market indicator of 225 select issues chalked up a 316.71 rise to 25,366.11 on active trading of 1.43bn shares, up from Wednesday's 1.2bn. Gains far outpaced losses 636 to 308, with 98 issues unchanged.

Investors were encouraged by the big overnight advances on US stock and bond markets. Tokyo gained the momentum to eclipse Wednesday's all-time closing, which came despite an early selling flurry caused by Mr Paul Volcker's resignation as US Federal Reserve Board chairman.

The dollar's steep rally against the yen led investors to seek blue-chip electricals. Institutional investors, who had retreated to the sidelines before the Venice summit of seven industrial democracies, also began buying.

Brokerage houses bought three heavy electricals, typical high-tech issues, in view of their low prices: Hitachi rose Y70 to Y1,120 on the day's second-largest volume of 54.46m shares, advanced Y28 to Y588 and Toshiba added Y38 to Y760.

Matsushita Electric Industrial went up Y50 to Y1,900 and NEC Y80 to Y1,930. Market participants hope these two issues will play a big role in promoting high-tech issues as market leaders, but their trading volumes were only around 6.5m shares.

Fujitsu remained popular, soaring Y60 to Y1,100, while Sony and TDK spurted Y120 to Y3,180 and Y170 to Y3,650, respectively. Fuji Photo Film was Y90 up at Y3,300.

Among property stocks, Mitsubishi Estate climbed Y230 to Y3,280 and Mitsui Real Estate Development closed Y30 higher at Y3,000.

Some large-capitalisation stocks continued their gains. Ishikawajima-Harima Heavy Industries topped the active list with 108.24m shares in the wake of Wednesday's announcement by the Tokyo metropolitan government of an ambitious waterfront redevelopment project. Nippon Steel rose Y4 to Y362 and Onoda Cement shot up Y83 to Y770.

Trading houses also rose broadly, with Mitsubishi Corp advancing Y120 to Y1,520, reflecting the low price level. Sekisui House closed at Y2,640, up Y70.

Bond prices increased sharply. Despite the yen's decline, dealers stepped up buying, pushing sdown the yield on the benchmark 5.1 per cent government bond due in June 1996 from 3.280 per cent on Wednesday to 3.180 per cent in block trading on the Tokyo Stock Exchange. In later inter-dealer trading, it sagged further to 3.125 per cent.

Analysts said the active trading was apparently due to short covering by dealers who had sold on Wednesday upon the reports of Mr Volcker's decision to step down. Institutional investors remained out of the market, they said.

### AUSTRALIA

A RETREAT in gold shares following the dip in the bullion price led Sydney prices lower despite a firmer industrial sector.

The All Ordinaries index fell 8.5 to 1,772.4. The gold index, which jumped 124 points following the recent surge in bullion prices, fell back 96 to 3,022.

Oils featured well following government plans to offer tax concessions on oil exploration and development. The sector index put on 19.5 to 942.8.

Bond Media, the spin-off from Bond Corp, was undersubscribed for its issue. Priced at A$1.55, the shares closed at A$1.12. Bond Corp lost 5 cents to A$2.35.

Newmont Australia, the gold group spun from Newmont Mining Corp, closed at A$2.72. Its shares were recently issued at A$2.10.

### SINGAPORE

THE UNDERLYING buoyancy continued in active trading in Singapore although buying ran into profit-taking and the Straits Times industrial index ended slightly lower, down 1.24 at 1,238.21.

The announcement that the Government may sell off part of its stake in Singapore Airlines had little effect on the share price, which finished 10 cents lower at S$13.90. Among other blue chips, DBS was up 30 cents at S$14.10 and Malayan Banking fell 10 cents to S$7.85.

In the lower-priced issues, Berjaya saw 5.1m shares traded, rising 1 cent to S$4.46 on 3.8m shares. Tan Chong gained 4½ cents to S$1.04 on 3.5m shares traded.

# Hong Kong hits psychological 3,000 mark as turnover soars

HONG KONG'S Hang Seng index nosed its way through the psychological 3,000 barrier yesterday to close 38.5 points up on the day at a record 3,023, *writes Kevin Hamlin in Hong Kong.*

Turnover was a massive HK$1.728bn, up from HK$1.27bn on Wednesday.

Brokers say significant overseas institutional money, mostly from Japan, stimulated the record, although local buying was also heavy.

The index limbered up for the move through 3,000 last Thursday, when it reached 2,949. When Hang Seng Bank on Friday paid some 40 per cent more than expected for a prime central site at a government auction, brokers began predicting that 3,000 would be breached this week.

Despite a half-point increase in prime lending rates at the weekend, to 7 per cent, the index rose to a record 2,958 on Wednesday and immediately shot above 3,000 yesterday morning on the back of high trading from London at the previous day's close.

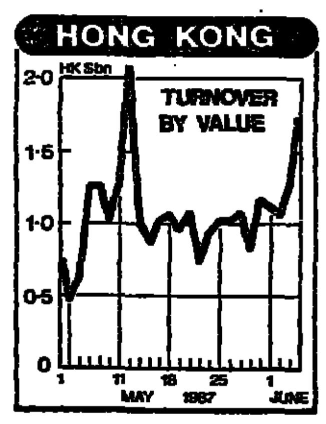
Property stocks led the field, with New World up 40 cents to HK$12, Cheung Kong up 30 cents to HK$11.40, Hutchison Whampoa also up 30 cents to HK$13 and Swire A up 40 cents to HK$21.40. The Hang Seng property sub-index was up almost 1.8 points.

Utilities also had another good day, with Hongkong Electric up 60 cents to HK$15.20, and China Light and Power 40 cents to HK$22.60. The utilities sub-index was up nearly 1.5 per cent.

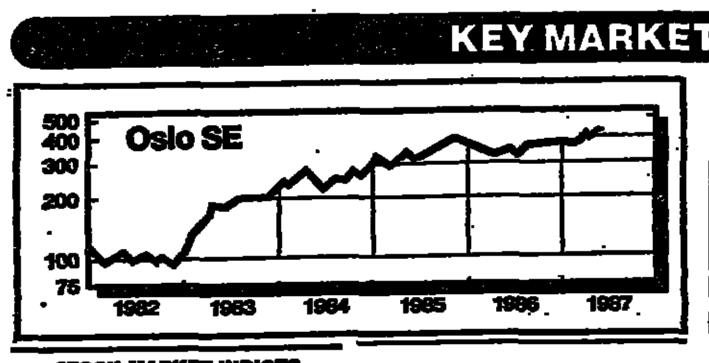
Far from considering 3,000 a peak, many brokers are talking of the index reaching 3,300 in two months' and 4,000 in a year's time. They argue that Hong Kong, with an average price/earnings ratio under 18 and good economic fundamentals, is still good value compared with other Asian markets such as Singapore and Tokyo.

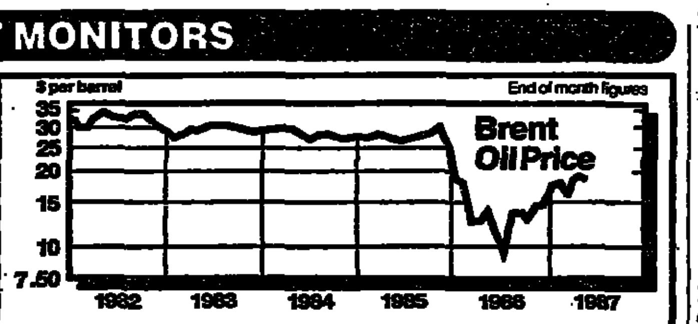
UK stockbrokers James Capel recently gave Hong Kong a bullish appraisal. "Average daily volume rising by some 50 per cent to around the HK$1.5bn mark would signal the start of a strong rally," said the brokers. "We expect the rally would be led by blue chips Hutchison, Swire, Wharf, New World, Hysan Land and other Jardine Group companies."

Chartists have also been encouraged by the break through 3,000 although they are watching carefully for it to fall back. One analyst said: "If it can be sustained above 3,000, they'll be going potty."




## KEY MARKET MONITORS




### STOCK MARKET INDICES

| | June 4 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 2,337.08 | 2,320.69 | 1,863.29 |
| DJ Transport | 884.59 | 878.76 | 798.00 |
| DJ Utilities | 198.47 | 196.86 | 186.57 |
| S&P Comp. | 295.09 | 293.47 | 243.94 |
| **LONDON FT** | | | |
| Ord | 1,724.6 | 1,739.6 | 1,332.6 |
| SE 100 | 2,214.2 | 2,235.4 | 1,602.20 |
| A All-share | 1,103.11 | 1,111.82 | 793.90 |
| A 500 | 1,232.88 | 1,241.03 | 878.50 |
| Gold mines | 389.0 | 389.7 | 217.6 |
| A Long gilt | 8.95 | 8.87 | 9.23 |
| World Act. Ind (June 3) | 131.27 | 130.34 | 89.71 |
| **TOKYO** | | | |
| Nikkei | 25,366.11 | 25,049.40 | 16,602.7 |
| Tokyo SE | 2,190.35 | 2,158.92 | 1,304.36 |
| **AUSTRALIA** | | | |
| All Ord. | 1,772.4 | 1,776.2 | 1,223.3 |
| Metals & Mins. | 1,077.9 | 1,105.0 | 519.6 |
| **AUSTRIA** | | | |
| Credit Aktien | 186.60 | 196.52 | 240.29 |
| **BELGIAN SE** | 2,527.60 | 4,501.70 | 3,608.81 |
| **CANADA** | | | |
| Toronto | | | |
| Met.& Mins. | 2,628.8 | 2,759.1 | 2,169.0 |
| Composite | 3,726.2 | 3,699.7 | 3,095.5 |
| Montreal | | | |
| Portfolio | 1,864.49* | 1,844.89 | 1,594.35 |
| **DENMARK SE** | | | |
| SE | n/a | n/a | 228.61 |
| **FRANCE** | | | |
| CAC Gen | 418.30 | 416.30 | 351.1 |
| Ind. Tendance | 104.10 | 103.10 | 79.30 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 582.59 | 580.85 | 627.72 |
| Commerzbank | 1,762.40 | 1,757.20 | 1,894.9 |
| **HONG KONG** Hang Seng | 3,023.60 | 2,985.10 | 1,756.67 |
| **ITALY** Banca Comm. | 695.03 | 694.63 | 790.10 |
| **NETHERLANDS** ANP CBS | | | |
| Gen | 287.90 | 285.00 | 289.8 |
| Ind | 247.40 | 247.50 | 281.7 |
| **NORWAY** Oslo SE | 435.15 | 428.82 | 353.38 |
| **SINGAPORE** Straits Times | 1,238.20 | 1,239.40 | 693.25 |
| **SOUTH AFRICA** JSE | | | |
| Golds | — | 2,083 | 1,256.2 |
| Industrials | — | 1,866 | 1,163.8 |
| **SPAIN** Madrid SE | 227.81 | 229.39 | 181.53 |
| **SWEDEN** J & P | 2,635.20 | 2,169.70 | 2,428.75 |
| **SWITZERLAND** Swiss Bank Ind | 584.10 | 580.20 | 584.2 |

### COMMODITIES (London)

| | June 4 | Prev |
|---|---|---|
| Silver (spot) | 469.25p | 467.25p |
| Copper (cash) | £946.50 | £938.50 |
| Coffee (July) | £1,321.00 | £1,309.50 |
| Oil (Brent) | $18.775 | $18.65 |

### GOLD ($/oz)

| | June 4 | Prev |
|---|---|---|
| London | $452.00 | $451.25 |
| Zürich | $452.75 | $453.00 |
| Paris (fixing) | $450.18 | $452.24 |
| Luxembourg | $448.45 | $453.25 |
| New York (August) | $456.20 | $455.50 |

### CURRENCIES (London)

| | US DOLLAR June 4 | US DOLLAR Previous | STERLING June 4 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.6240 | 1.6435 |
| DM | 1.8185 | 1.8070 | 2.9525 | 2.9800 |
| Yen | 144.25 | 142.80 | 234.25 | 236.50 |
| FFr | 6.0775 | 6.0450 | 9.87 | 9.94 |
| SFr | 1.5065 | 1.4935 | 2.4475 | 2.4725 |
| Fl | 2.0485 | 2.0360 | 3.3275 | 3.360 |
| Lira | 1,317.00 | 1,308.50 | 2,139 | 2,149.75 |
| BFr | 37.65 | 37.40 | 61.15 | 61.70 |
| C$ | 1.3410 | 1.3430 | 2.1765 | 2.1730 |

### INTEREST RATES

| | June 4 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 8 11/16 | 8⅝ |
| SFr | 3 11/16 | 3 11/16 |
| DM | 3 11/16 | 3⅝ |
| FFr | 8⅞ | 8 13/16 |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month US$ | 7 7/16 | 7⅝ |
| 6-month US$ | 7 9/16 | 7¾ |
| **US Fed Funds** | 6⅝* | 6½ |
| **US 3-month CDs** | 6.85* | 6.85 |
| **US 3-month T-bills** | 5.71* | 5.68 |

### FINANCIAL FUTURES

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| **CHICAGO** | | | | |
| **US Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| June | 90-18 | 90-31 | 90-06 | 90-13 |
| **US Treasury Bills (IMM)** $1m points of 100% | | | | |
| Sept | 93.36 | 93.44 | 93.34 | 93.38 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| June | n/a | n/a | n/a | 93.28 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| June | 92.70 | 92.75 | 92.68 | 92.68 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| June | 125.09 | 126.00 | 125.00 | 126.12 |

### US BONDS

**Treasury**

| | June 4 Price | June 4 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 7¼ 1989 | 100[illegible] | 7.756 | 100[illegible] | 7.75 |
| 7 1994 | 92[illegible] | 8.43 | 92[illegible] | 8.48 |
| 8½ 1997 | 99[illegible] | 8.579 | 99[illegible] | 8.67 |
| 8¾ 2017 | 99[illegible] | 8.758 | 99[illegible] | 8.794 |

Source: Harris Trust Savings Bank

**Treasury Index**

| Maturity (years) | Return index June 4 | Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 163.17 | +0.23 | 6.93 | −0.03 |
| 1–10 | 154.63 | +0.12 | 6.66 | −0.03 |
| 1– 3 | 144.03 | +0.07 | 6.37 | −0.03 |
| 3– 5 | 157.57 | +0.17 | 6.71 | −0.03 |
| 15–30 | 193.59 | +0.59 | 7.78 | −0.03 |

Source: Merrill Lynch

**Corporate**

| | June 4 Price | June 4 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT&T 3⅞ July 1990 | 93.09 | 6.40 | 92.82 | 6.50 |
| SCBT South Central 10⅞ Jan 1993 | 103.25 | 10.11 | 103.25 | 10.11 |
| Phibro Sal 8 April 1996 | 91.41 | 9.45 | 90.80 | 9.60 |
| TRW 8⅞ March 1996 | 95.59 | 9.50 | 95.03 | 9.60 |
| Arco 9⅞ March 2016 | 100.21 | 9.85 | 100.485 | 9.82 |
| General Motors 8⅝ April 2016 | 83.97 | 9.90 | 83.81 | 9.82 |
| Citicorp 9⅝ March 2016 | 90.23 | 10.45 | 88.82 | 10.50 |

Source: Salomon Brothers

* Latest available figures

# Primerica postpones UK listing

By Alice Rawsthorn in London

PRIMERICA, the financial services conglomerate forged from the original American Can, plans to seek a listing on the London stock market later this month and on the Tokyo Stock Exchange towards the end of the year.

The company had originally planned to join the London market yesterday but was forced to postpone its introduction because of the scale of last month's $750m takeover of Smith Barney.

In the five years since Mr Gerald Tsai, the present chairman, joined the group and redirected its interests away from manufacturing towards the service sector, the proportion of Primerica shares held outside the US has increased from 1 per cent to 9 per cent.

Mr Tsai said in London yestersay that he was eager to attract more overseas investors to Primerica and, in the longer term, to have the facility to raise capital from the London and Tokyo markets.

Initially the group will join the overseas exchanges through introductions, and no new shares will be issued.

Primerica has undergone a transformation since Mr Tsai's appointment in 1982. The story of Mr Tsai's life reads like an archetypal rags-to-riches tale. He arrived in the US in 1947, from his native Shanghai, at the age of 17.

In the "go go" years of the 1960s bull market, he emerged as one of the most successful, and most speculative, fund managers on Wall Street.

## EUROPE

# Dollar lifts Zurich but sends Frankfurt lower

BARGAIN-HUNTING lifted most European equity markets although in many countries institutional investors proved reluctant to take positions prior to the Venice summit next week.

Zurich staged a broad recovery inspired by the dollar's early strength, overnight advances on Wall Street and the return of bargain-seeking domestic institutions.

Banks, holdings and industrial exporters, made the day's best gains. Bank Leu bearer added SFr 100 to SFr 3,175 and UBS bearer SFr 60 to SFr 4,485.

Hasler registered stayed at SFr 6,400 as its shareholders gave final approval for a merger with high-tech Autophon to form Switzerland's biggest telecommunications company. Autophon bearer firmed SFr 50 to SFr 9,000.

Holding Adia bearer picked up SFr 375 to SFr 11,400 following the group's Wednesday announcement of plans to issue 400,000 certificates of a new non-voting paper.

Holderbank bearer rose SFr 70 to SFr 4,800 on further market consideration of higher annual profits and a proposed dividend rise.

Frankfurt gave up Wednesday's modest rise as early gains fizzled out on renewed worries over the dollar. The Commerzbank index, calculated at mid-session, rose 5.2 to 1,762.4.

BMW climbed DM 1.00 to DM 614.00 against the trend, however, as rumours spread that Japanese investors were building stakes in the car maker. Daimler also firmed, by DM 7.00 to DM 1,016, but VW lost DM 2.00 to DM 376.00.

Computer stock Nixdorf weakened DM 5.00 to DM 789.00 but said sales growth was higher than the sector average. Financials were weaker.

Brussels firmed slightly in thin trade supported by the opening of a new payment period on the term market. The stock exchange index gained 25.94 to 4,527.67.

Industrials featured with Solvay the star. It jumped BFr 400 in heavy trade to close at a 12-month peak of BFr 11,750 in the afterglow of Monday's announcement of notably better first-quarter profits.

Paris moved higher on a combination of confidence in the dollar and bargain-hunting after the market's 2.37 per cent fall on Wednesday.

Institutions led the buying, and Moët-Hennessy was a favourite following news of its merge with Louis Vuitton to become the world's leading maker of luxury consumer goods. It climbed FFr 57 to FFr 2,533. Vuitton, however, slipped FFr 50 to FFr 1,060.

Stockholm forged its advance in eight sessions, cheered by a buoyant overnight Wall Street, softer domestic interest rates and bargain-hunting.

Amsterdam rose modestly in response to firmer New York stocks.

Publisher Elsevier firmed 70 cents to Fl 48.50 following its hostile bid for Kluwer the stock of which was at first suspended pending clarification of the offer. On resumed trading it shot up Fl 59.00 to Fl 325.00 before trading was again suspended. Internationals firmed.

Oslo firmed as the market welcomed government moves to increase its control of the bourse. The all share index added 2.72 to 331.82.

Milan was steady in dull trade. The impending elections kept most institutions sidelined, and news of a rise in Italian unit trusts during May did little for the market.

Madrid fell at hopes receded of an interest-rate cut.

### London suffers attack of nerves

A SPATE of unnerving stories swept London financial circles, pushing shares and bonds down. The main culprit was a rumour that an opinion poll to be published today would show a further shrinking in the Conservatives' election campaign lead.

The FT-SE index ended 21.2 lower at 2,214.2 while the FT Ordinary was 15 down at 1,724.6. A major factor in the setback was a reversal in bank stocks, which dropped heavily as analysts took another look at Brazil's proposals to resume some debt interest payments.

Gilts dropped by 1½ points before steadying. Details, Page 44